

Purdue Pharma Canada Manufacturing

PPLP entered into an external manufacturing services agreement with Purdue Pharma Canada, since internal manufacturing of consumer health products was not a priority for PPLP.

Purdue Pharma Canada was chosen over previous manufacturers, including Timecaps and Wellspring, due to quality issues from these previous manufacturers. Also, Purdue Pharma Canada was already manufacturing similar products for the Canadian market before entering into a supply agreement with PPLP. These products include Senokot and Peri-Colace (or “Colace 2 in 1”). Purdue Pharma Canada also manufactures certain products for Rhodes Pharma.

PPLP and Purdue Pharma Canada Entered Into a Supply Agreement on September 1, 2009

SUPPLY AGREEMENT

THIS SUPPLY AGREEMENT, is effective as of September 1, 2009 (the "**Effective Date**"), is by and between Purdue Pharma (Canada) ("Supplier") with a place of business at 575 Granite Court, Pickering, Ontario, Canada L1W 3W8 and Purdue Products L.P. ("PPLP"), with a place of business at One Stamford Forum, Stamford, CT 06901-3431.

RECITALS:

WHEREAS, Supplier manufactures and packages pharmaceutical products, including the Products (as hereinafter defined in Section 1.20); and

WHEREAS, PPLP markets and distributes prescription and non-prescription medicines, including finished dosage non-prescription medicines; and

WHEREAS, PPLP has requested that Supplier manufacture, package and sell the Products to PPLP.

WHEREAS, subject to the terms and conditions set forth herein, PPLP wishes to distribute the Products and Supplier is agreeable to manufacturing, packaging and supplying the Products for distribution by PPLP as provided herein.

Note: The supply agreement was amended four times effective as of 1) November 18, 2013; 2) December 31, 2014; 3) December 31, 2016 and 4) September 10, 2018.

Source: Purdue Pharma (Canada) and Purdue Products L.P. Supply Agreement (September 1, 2009), 1.

PPLP and Purdue Pharma Canada Annual Requirements and Prices, per September 1, 2009 Supply Agreement

PPLP INITIAL, NON-BINDING ANNUAL REQUIREMENTS

		<u>QTY (EA)</u>
SNKT04	Senokot Sample 4s	90,000
SNKT20	Senokot 20s	700,000
SNKT50	Senokot 50s	1,600,000
SNKT1W	Senokot 100s	300,000
SNKT11	Senokot 100s HUD Blister	0
	Senokot Tablets 20's Bonus Pack (20 + 4 tablets free)	70,000
SENS04	Senokot S Sample 4s	1,500,000
SENS10	Senokot S 10s Blister	1,350,000
SENS30	Senokot S 30s	1,720,000
SENS60	Senokot S 60s	150,000
SENS11	Senokot S 100s HUD Blister	0
SNTP04	Senokot 4's To-Go	30,000
	Senokot-S Tablets 10's Bonus Pack (10 + 4 tablets free)	150,000

US Senokot (Calcium Sennosides) 2010 Prices

Note: All prices are in Canadian dollars

		<u>Cdn\$</u>
SNKT04	Senokot Sample 4s	0.470
SNKT20	Senokot 20s	1.000
SNKT50	Senokot 50s	1.430
SNKT1W	Senokot 100s	2.240
SNKT11	Senokot 100s HUD Blister	4.840
SENS04	Senokot S Sample 4s	0.520
SENS10	Senokot S 10s Blister	0.990
SENS30	Senokot S 30s	1.560
SENS60	Senokot S 60s	2.430
SENS11	Senokot S 100s HUD Blister	6.700

Note: The supply agreement was amended four times effective as of 1) November 18, 2013; 2) December 31, 2014; 3) December 31, 2016 and 4) September 10, 2018.

Source: Purdue Pharma (Canada) and Purdue Products L.P. Supply Agreement (September 1, 2009), 25-26.

PPLP and Purdue Pharma Canada Amended the Supply Agreement Four Times

AMENDMENT #1
to
SUPPLY AGREEMENT
between
PURDUE PHARMA (CANADA) and PURDUE PRODUCTS L.P.

This **AMENDMENT #1** is effective November 18, 2013 ("Amendment #1 Effective Date") by and between **PURDUE PHARMA (CANADA)** ("Supplier") and **PURDUE PRODUCTS L.P.** ("PPLP").

WHEREAS, PPLP and Supplier have entered into a certain Supply Agreement dated September 1, 2009 ("Agreement"), and the parties now desire to amend, modify and supplement such Agreement.

November 18, 2013

AMENDMENT #2

**TO SUPPLY AGREEMENT BY AND
BETWEEN PURDUE PHARMA (CANADA) AND PURDUE PRODUCTS L.P.**

This Amendment #2 to Master Services Agreement (this "Amendment"), is dated as of August 31, 2015, by and between **PURDUE PHARMA (CANADA)** ("Supplier") and **PURDUE PRODUCTS L.P.** ("PPLP").

WHEREAS, Supplier and PPLP have entered into that certain Supply Agreement effective as of September 1, 2009, as amended by that certain Amendment #1 effective November 18, 2013 (as amended, the "Agreement"); and

August 31, 2015

AMENDMENT #3

**TO SUPPLY AGREEMENT BY AND
BETWEEN PURDUE PHARMA (CANADA) AND PURDUE PRODUCTS L.P.**

This Amendment #3 to Master Services Agreement (this "Amendment"), is dated as of October 19, 2016, ("Signing Date") by and between **PURDUE PHARMA (CANADA)** ("Supplier") and **PURDUE PRODUCTS L.P.** ("PPLP").

WHEREAS, Supplier and PPLP have entered into that certain Supply Agreement effective as of September 1, 2009, as the same has been or may be amended from time to time (as amended, the "Agreement"); and

October 19, 2016

AMENDMENT #4

**TO
SUPPLY AGREEMENT DATED SEPTEMBER 1, 2009
BETWEEN PURDUE PRODUCTS L.P. AND
PURDUE PHARMA (CANADA)**

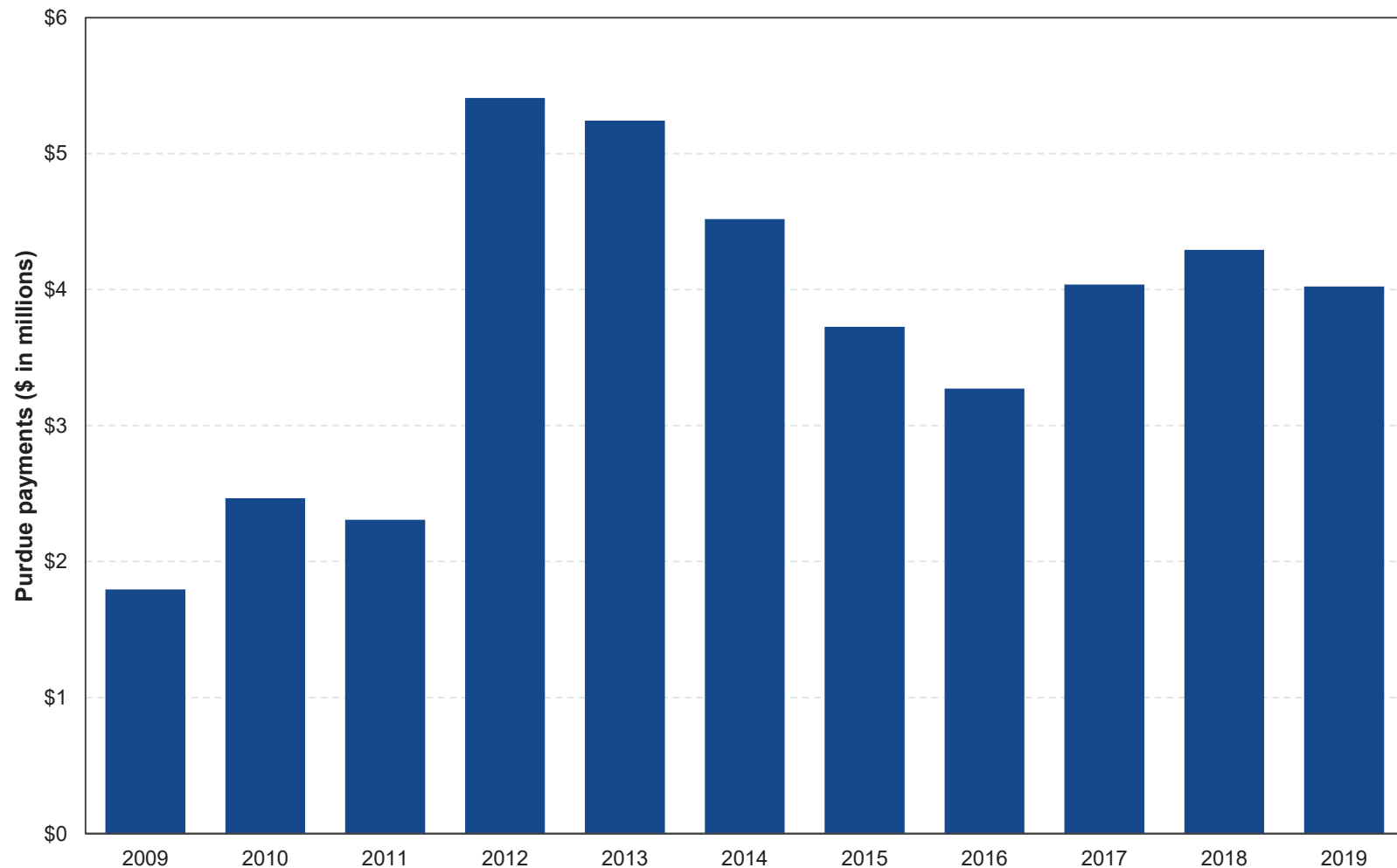
This Amendment #4 to Supply Agreement (this "Amendment") dated as of September 10, 2018 is by and between **AVRIO HEALTH L.P.** (formerly **Purdue Products L.P.**) ("Company" or "Avrio") and **PURDUE PHARMA (CANADA)** ("Supplier").

WHEREAS, Supplier and Company have entered into that certain Supply Agreement effective as of September 1, 2009, as the same has been or may be amended from time to time (as amended, the "Agreement"); and

September 10, 2018

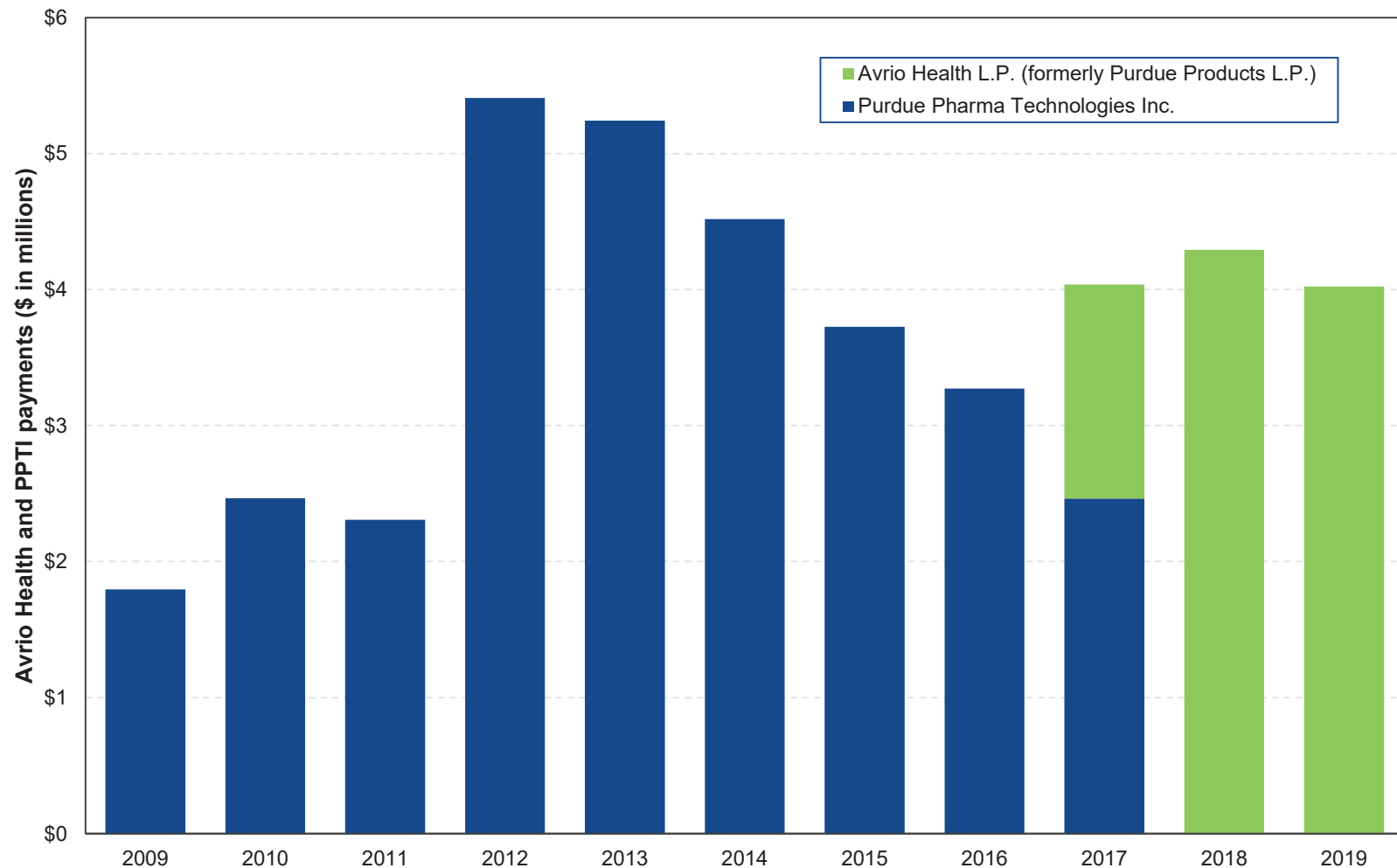
Source: Purdue Pharma (Canada) and Purdue Products L.P. Supply Agreement, Amendment #1 (November 18, 2013), 1. Purdue Pharma (Canada) and Purdue Products L.P. Supply Agreement, Amendment #2 (August 31, 2015), 1. Purdue Pharma (Canada) and Purdue Products L.P. Supply Agreement, Amendment #3 (October 19, 2016), 1. Purdue Pharma (Canada) and Purdue Products L.P. Supply Agreement, Amendment #4 (September 10, 2018), 1.

PPLP Paid Purdue Pharma Canada \$41MM for Manufacturing and Packaging Services from September 1, 2011 to September 15, 2019



Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 183.

Avrio Health Paid Purdue Pharma Canada \$9.9MM, and PPTI Paid \$31.2MM from September 1, 2011 to September 15, 2019



Source: *Purdue Canada Payments from Company 307 Jan 1 2008 to September 15 2019 v2.xlsx*, "Pivot for ZP and KZ." *Purdue Canada Payments from Company 409 Jan 1 2008 to September 15 2019 v2.xlsx*, "Pivot 409." Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 184-186 and 384.

Other: Manufacturing Services

Rhodes Pharma Payments to PPLP for CMO Services (3A)

Rhodes Pharma Paid PPLP \$291MM for Contract Manufacturing Organization (“CMO”) Services

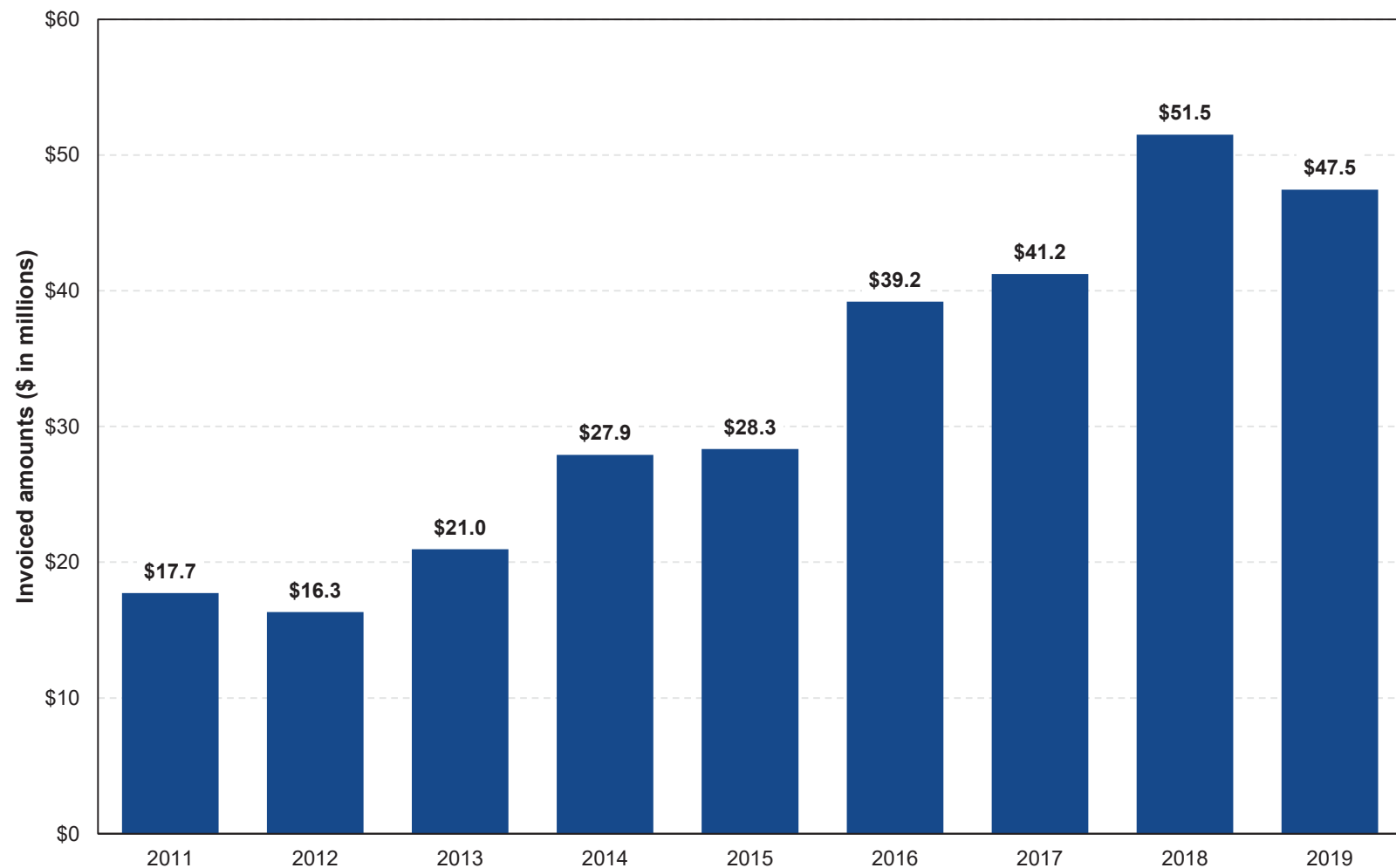
PPLP and Rhodes Pharma (part of the Debtor Group) entered into a contract manufacturing agreement on October 18, 2010 for PPLP to provide Contract Manufacturing Organization (“CMO”) services. This agreement covered costs and a 10% markup on variable costs. Rhodes paid PPLP \$291MM for CMO services from January 1, 2011 to September 15, 2019.

The original agreement covered two forms of Oxycodone – immediate release/hydrochloride (“IR/HCL”) and acetyl-para-aminophenol (“APAP”). It was later amended on April 2, 2014; March 29, 2016; and March 19, 2018 to cover seven additional products.

The nine products covered in the final agreement are: Oxycodone IR/HCL, Oxycodone APAP, Morphine Sulfate ER, Hydrocodone APAP, MS Contin, Dexmethy HCL, Buprenorphine HCL, Hydromorphone HCL, and Buprenorphine TDS.

The 10% markup on variable costs is reasonable based on an analysis of comparable companies providing similar services prior to 2017, but PPLP potentially undercharged Rhodes Pharma for fixed costs. This does not represent a loss of value since the transfer occurred between two parties within the Debtor Group.

Rhodes Pharma Paid PPLP \$291MM for CMO Services From January 1, 2011 to September 15, 2019



Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 256.

CMO Agreements Between Rhodes Pharma and PPLP From 2010 to 2018

CONTRACT MANUFACTURING AGREEMENT

Contract Manufacturing Agreement dated as of October 18, 2010 (together with the schedules and any exhibits hereto, as from time to time amended, this "Agreement"), by and between Purdue Pharmaceuticals L.P., a Delaware limited partnership ("Manufacturer"), and Rhodes Pharmaceuticals L.P., a Delaware limited partnership ("Purchaser").

October 18, 2010

First Amendment

AMENDMENT #1

TO AMENDED AND RESTATED CONTRACT MANUFACTURING AGREEMENT BETWEEN PURDUE PHARMACEUTICALS L.P. AND RHODES PHARMACEUTICALS L.P.

This Amendment #1 to the Amended and Restated Contract Manufacturing Agreement (this "Amendment"), dated as of March 29, 2016, is by and among PURDUE PHARMACEUTICALS L.P. ("Purdue"), PURDUE PHARMA L.P. ("PPLP") and RHODES PHARMACEUTICALS L.P. ("Rhodes").

March 29, 2016

Amended and restated agreement

AMENDED AND RESTATED CONTRACT MANUFACTURING AGREEMENT

Amended and Restated Contract Manufacturing Agreement dated as of April 2, 2014 (together with the schedules and any exhibits hereto, as from time to time amended, this "Agreement"), by and between Purdue Pharmaceuticals L.P., a Delaware limited partnership ("Manufacturer"), and Rhodes Pharmaceuticals L.P., a Delaware limited partnership ("Purchaser").

April 2, 2014

Second Amendment

AMENDMENT #2

TO AMENDED AND RESTATED CONTRACT MANUFACTURING AGREEMENT BETWEEN PURDUE PHARMACEUTICALS L.P. AND RHODES PHARMACEUTICALS L.P.

This Amendment #2 to the Amended and Restated Contract Manufacturing Agreement (this "Amendment"), dated as of March 19, 2018 ("Execution Date"), is by and between PURDUE PHARMA L.P. ("PPLP") and RHODES PHARMACEUTICALS L.P. ("Rhodes").

WHEREAS, Purdue Pharmaceuticals L.P. ("Purdue") and Rhodes entered into that certain Amended and Restated Contract Manufacturing Agreement dated as of April 2, 2014, as amended by that certain Amendment #1 ("Amendment #1") dated as of March 29, 2016 (collectively, the "Manufacturing Agreement"); and

March 19, 2018

Source: PPLP Rhodes Pharma Contract Manufacturing Agreement (Oct. 18, 2010), at 1. Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 256.

Products Covered by Agreements

	Original Agreement (October 18, 2010)	Amended and Restated Agreement (April 2, 2014)	First Amendment (March 29, 2016)	Second Amendment (March 19, 2018)
Oxycodone IR/HCL	X		X	X
Oxycodone APAP	X	X	X	X
Morphine Sulfate ER		X	X	X
Hydrocodone APAP			X	X
MS Contin				X
Dexmethyl HCL				X
Buprenorphine HCL				X
Hydromorphone HCL				X
Buprenorphine TDS				X

Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 255.

PPLP Approach to Calculating Charges

PPLP calculated charges using two methods:

- Prior to 2017: PPLP charged variable costs + contribution on fixed costs and a 10% markup on this amount
- From 2017 forward: PPLP charged variable costs + \$0.01 per tablet for fixed costs

It is our understanding that PPLP implemented the charges to simplify the cost structure and provide costs based on comparable market prices.

CMOs: Markup Analysis Using Comparables

10% markup is an arm's-length markup on cost of service based on comparables analysis.

- Horst Frisch (transfer pricing advisors) also concluded that this transaction was arm's-length in 2018

This analysis reviewed more than 1,300 potential comparables and identified eight that are closest to the relevant CMO transactions.

- Interquartile ranges are summarized below

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Lower Quartile	3.2%	2.8%	3.0%	4.0%	6.8%	7.6%	7.4%	6.3%	6.0%	6.6%	7.0%
Median	3.9%	4.8%	6.6%	7.9%	10.2%	10.0%	9.8%	9.7%	8.9%	8.4%	8.6%
Upper Quartile	13.9%	15.9%	17.7%	18.6%	17.8%	17.5%	17.1%	17.5%	13.3%	13.6%	13.0%

Other: Active Pharmaceutical Ingredients (API)

PPLP Payments to Rhodes Tech for API (3F)

PPLP Paid Rhodes Tech for Active Pharmaceutical Ingredients (API)

PPLP paid Rhodes Tech (part of the Debtor Group) \$644MM for API purchases from 2008 to September 15, 2019.

PPLP paid \$181MM more than prices charged by [REDACTED] a third-party supplier, during 2008 through September 15, 2019 for Oxycodone API.

However, there are several strategic and IP-related reasons that may support the prices PPLP paid to Rhodes for the API. PPLP benefited from having a dedicated supplier for Oxycodone API under this arrangement. Rhodes Tech appears to have developed a specific process to produce the OxyContin “low ABUK” API. ABUK is considered an impurity with FDA-mandated limits and low ABUK oxycodone is more costly to produce.

Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 290-300. PPLPUCC002734652 9, 10, and 25. Discussion with supply chain specialist at Purdue Pharma. ABUK stands for an α,β -unsaturated ketone. See, for example, US8703950B2, available at <https://patents.google.com/patent/US8703950B2/en>.

PPLP's Purchase of API From Rhodes Tech

Purdue purchased several types of API from Rhodes Tech from 2008 to September 15, 2019, including

- Oxycodone hydrochloride
- Hydrocodone bitartrate
- Methylphenidate
- Morphine sulfate USP
- Buprenorphine
- Naloxone HCl dihydrate

Rhodes Manufactures Oxycodone From Thebaine, a Narcotic Raw Material

- There are only a handful of suppliers of thebaine
- Former Johnson and Johnson subsidiary, Tasmanian Alkaloids, responsible for up to 80% of global thebaine
- U.S. DEA sets quotas for U.S. supplies of Oxycodone
- In 2007, PPLP worked with a number of suppliers of narcotic raw material:

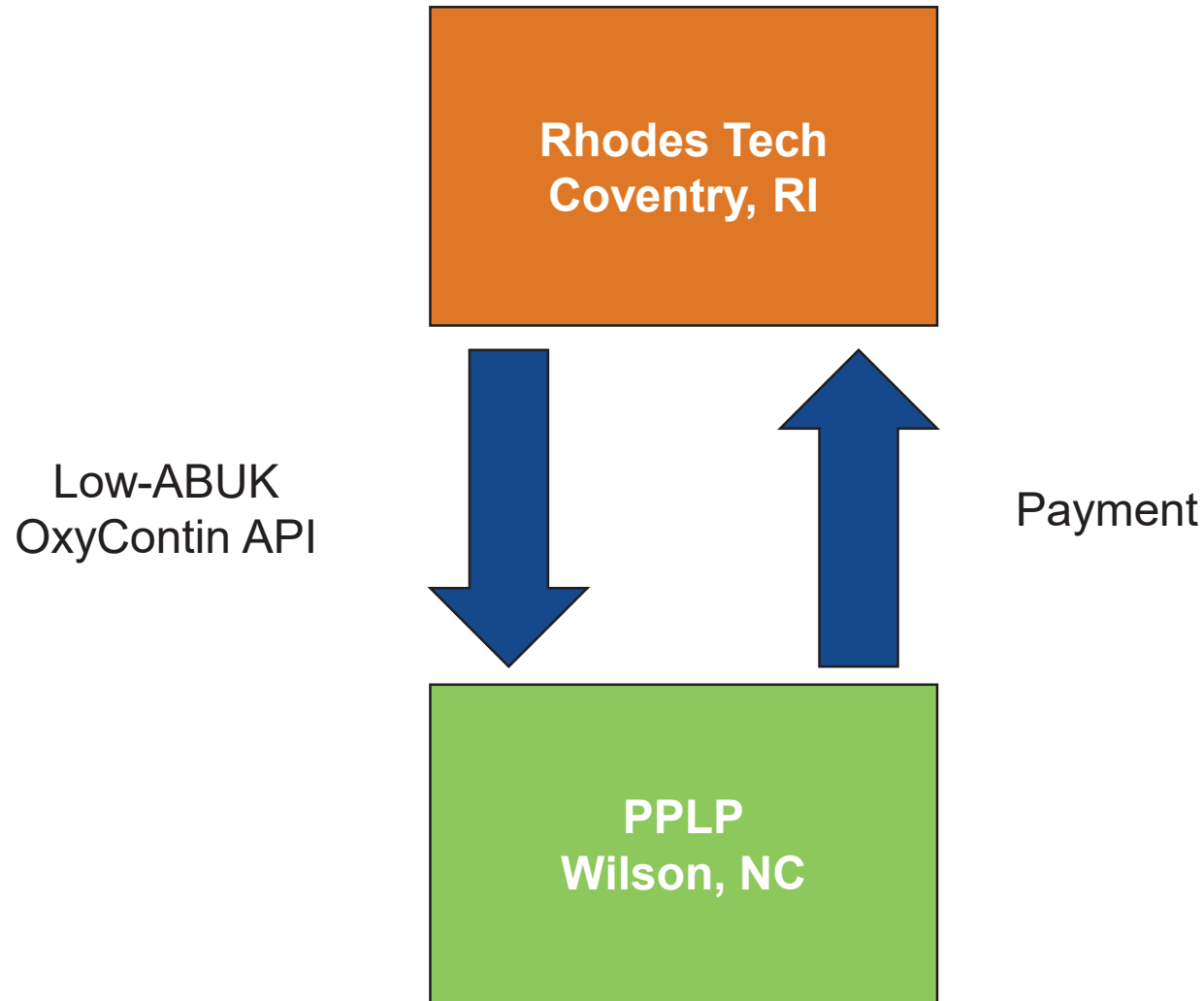
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Source: Johnson and Johnson, "Submission to the Transparency Review of the Therapeutic Goods Administration," February 11, 2011, *available at* <https://www.tga.gov.au/sites/default/files/review-tga-transparency-1101-submission-jjfoc.pdf>. Discussion with supply chain specialist at Purdue Pharma.

Rhodes Tech Developed a Process for Producing “Low-ABUK” Oxycodone

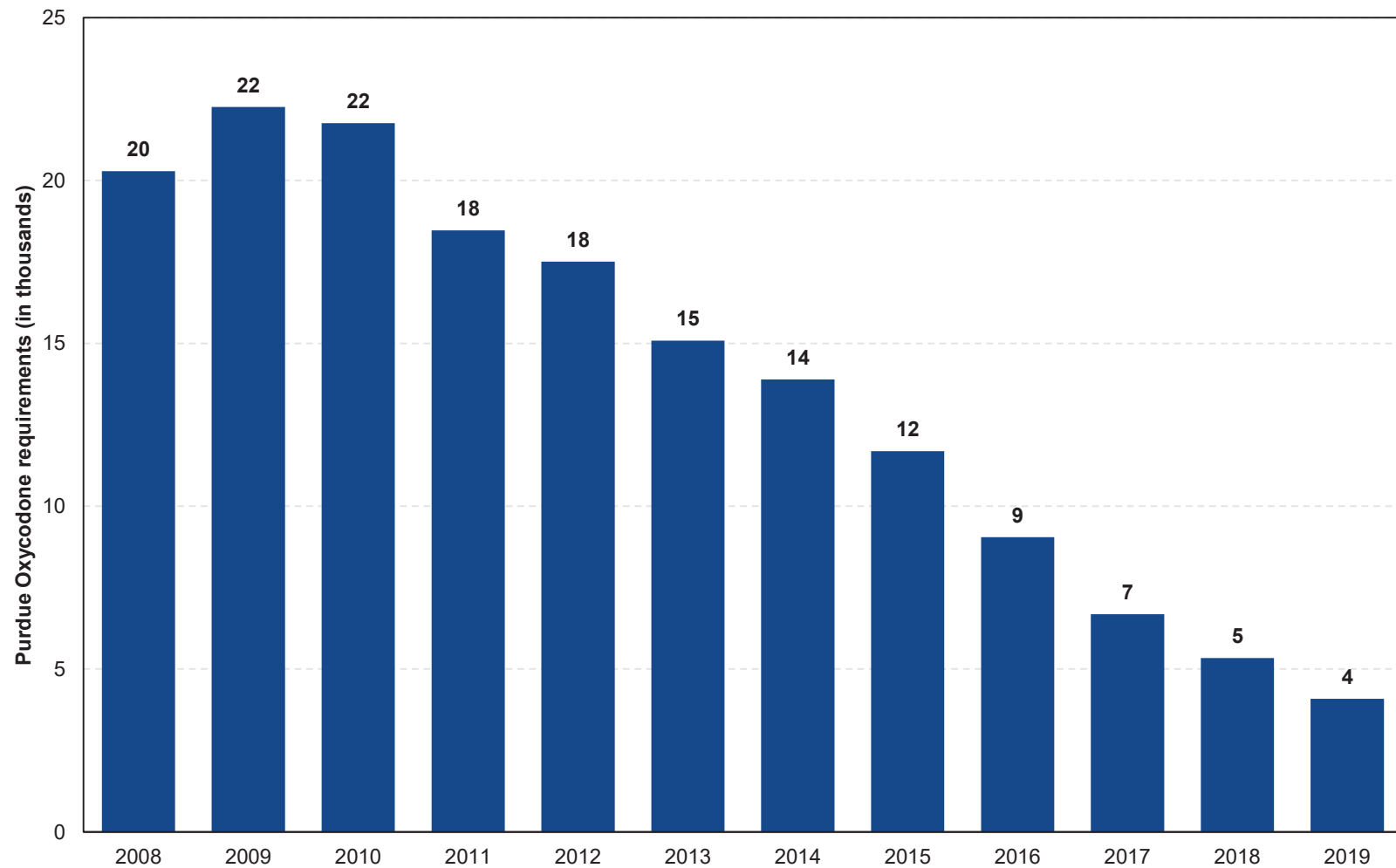
- ABUKs are chemical compounds that may carry some cancer risk
- ABUKs are generated during oxycodone production
- FDA requested that industry reduce ABUKs to less than 10 parts per million for non-combination products
- According to Rhodes, it was the first to develop a “low-ABUK” form of oxycodone, the API in OxyContin
- Low-ABUK form of oxycodone became a key component of OxyContin’s IP exclusivity

OxyContin (U.S.) Manufacturing Structure



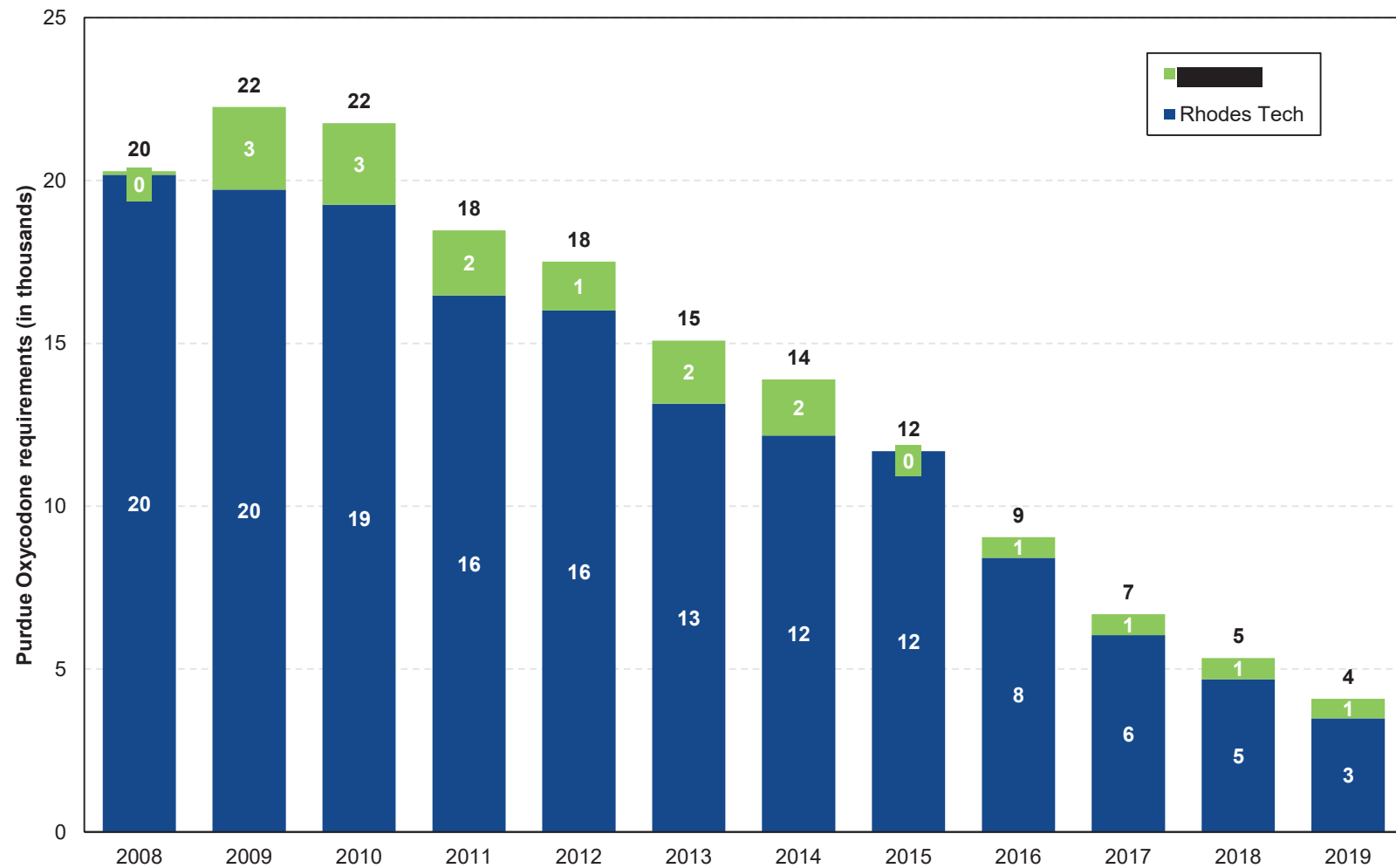
Source: PPLPUCC002734652, 74. PPLP004403059, 265. Bloomberg Markets, "Rhodes Pharmaceuticals LP - Company Profile and News," available at <https://www.bloomberg.com/profile/company/0940234D:US>.

PPLP's Purchases of Oxycodone API



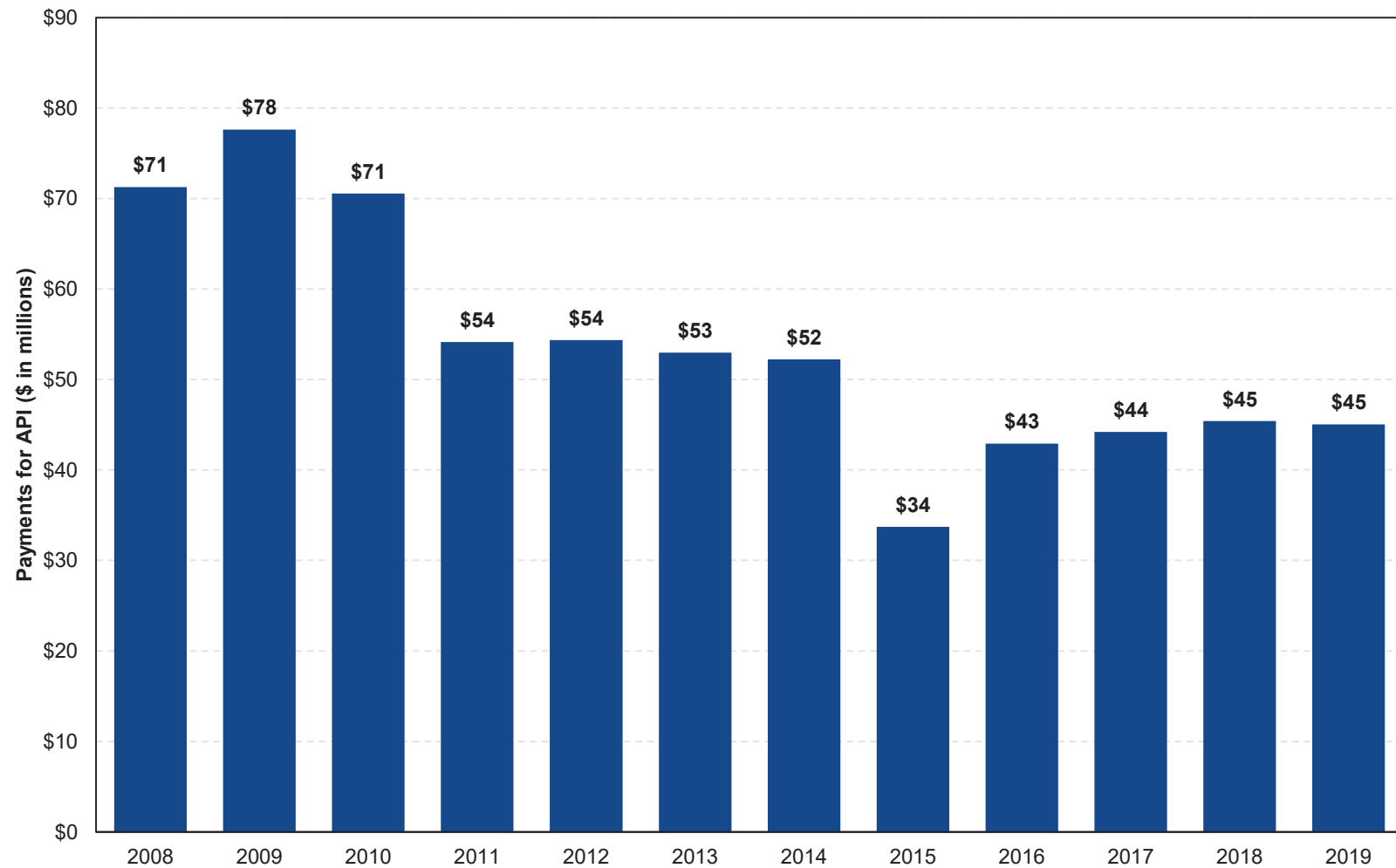
Source: 2008-2019 Oxy Gross Sales Units and API Consumption Purdue Only.xlsx, "Summary".

PPLP's Purchases of Oxycodone API, by Supplier



Source: 2008-2019 Oxy Gross Sales Units and API Consumption Purdue Only.xlsx, "Summary".

PPLP Paid Rhodes Tech \$644MM for API Purchases From 2008 to Sept. 15, 2019



Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 291.

Potential Comparables for Assessing Value of Oxycodone API From Rhodes

Comparison of API prices

- Rhodes Tech charges between \$2,500 and \$3,300/kg to PPLP
- [REDACTED] charges between \$1,500 and \$2,800/kg for API based on total volume
 - Partial supplier to PPLP starting in 2008

The potential overpayment to Rhodes Tech for API can be calculated based on the [REDACTED] price. This assumes that Purdue could have obtained all of its Oxycodone from [REDACTED]

Oxycodone Prices for Tiered Volumes

SUPPLY AGREEMENT

This Master Supply Agreement ("Agreement") is effective January 1, 2008 ("Effective Date") by and between [REDACTED] with a principal place of business at [REDACTED] ("Seller"), and **Purdue Pharma L.P.** with a principal place of business One Stamford Forum, 201 Tresser Boulevard, Stamford, Ct 06901-3431 ("Buyer"). Buyer and/or Seller will be referred to collectively as the "Parties" and singularly as a "Party".

ATTACHMENT B

PRICE

Base Price

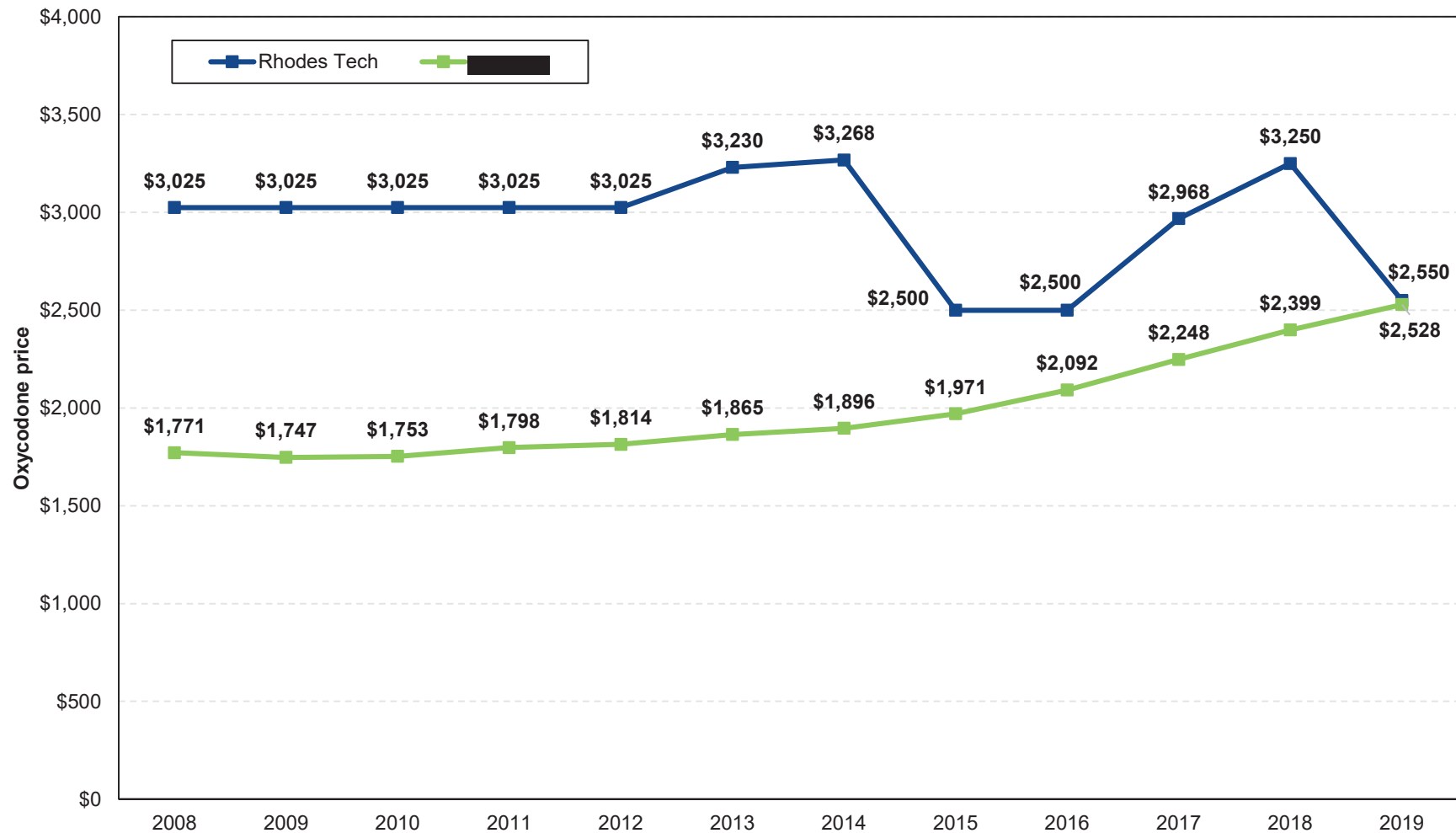
Oxycodone Hydrochloride

Volume Tier	Incremental Price \$ Per Kilo	Average Price at Example Volumes \$ Per Kilo
0 to 2,500	2,800	2,800 @ 2,500 kg
2,501 to 5,000	2,100	2,450 @ 5,000 kg
5,001 to 10,000	1,650	2,050 @ 10,000 kg
10,001 +	1,500	1,867 @ 20,000 kg

The "Incremental Price" is the price per kilogram paid for each kilogram purchased within a given volume tier during a calendar year. The "Average Price" in the table above is a calculated average price per kilogram based on highest volume of purchases during a calendar year within the volume tier. The Average Price is shown only by way of example.

The invoice price shall be the price applicable to each tier in column one of the table above. By way of example, the invoice price for the first 2,500 kilograms purchased by Buyer during a calendar year would be \$2,800 per kilogram and the invoice price for the second 2,500 kilograms purchased during the calendar would be \$2,100 per kilogram.

Rhodes Tech Prices Compared to Average [REDACTED] Oxycodone Prices for Similar Purchase Volumes



Note: To calculate average [REDACTED] price, (a) calculate the market total payment using Noramco Supply Agreement contract terms, and (b) divide the payment by the total Purdue Oxycodone requirements by year.

Source: Rhodes Second Amendment to Supply Agreement (Jan. 1, 2015), at 1, 7–8; 2008-2019 Oxy Gross Sales Units and API Consumption Purdue Only.xlsx, "Summary".

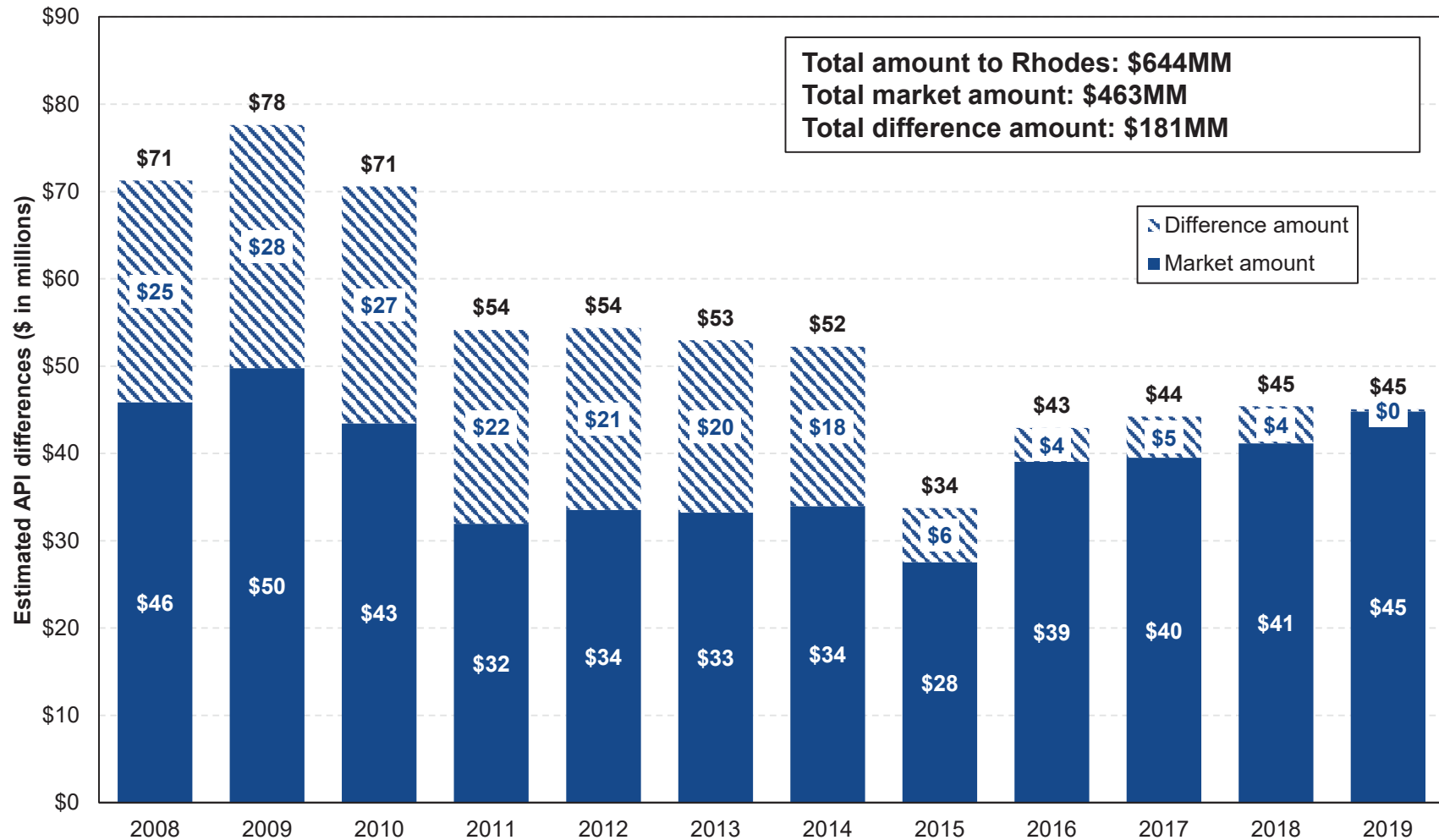
PPLP Could Have Saved \$180MM if It Had Switched From Rhodes Tech to [REDACTED] for Oxycodone API

- [REDACTED] has a sliding price scale based on API volume
- If PPLP purchased all of its API from [REDACTED] this would have resulted in a lower price for the actual API amounts purchased from [REDACTED] in addition to the savings from the volume purchased from Rhodes Tech
- PPLP could have paid less by switching to [REDACTED] for all of its Oxycodone API

Supplier	Actual Price Paid for Oxycodone (\$MM)	Market Price for Oxycodone Volume (\$MM)	Potential Savings Amounts (\$MM)
Rhodes Tech Volume Switched to [REDACTED]	\$452	\$285	\$167
Price savings on [REDACTED] Purchases	\$41	\$28	\$13
Total	\$493	\$313	\$180

Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 291.; Rhodes Second Amendment to Supply Agreement (Jan. 1, 2015), at 1, 7–8; 2008-2019 Oxy Gross Sales Units and API Consumption Purdue Only.xlsx, "Summary".

PPLP's Estimated API Cost Differential Based on Prices



Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 291.

There May be Strategic Reasons for PPLP's Reliance on Rhodes Tech for Oxycodone API Purchases

- Value to PPLP of Rhodes Tech's low-ABUK technology
 - This applies to Rhodes Tech-PPLP and PPLP-foreign IACs transactions
 - According to Rhodes Tech, it was never explicitly compensated by PPLP for its low-ABUK IP
 - Rhodes Tech internal valuation of its low-ABUK IP is within the range of the [REDACTED] royalty (4%)
 - PPLP's view is that the excess API cost compensated Rhodes for its IP
- PPLP benefited from having a dedicated oxycodone API supplier
 - PPLP has litigated its low-ABUK patents with other API producers
 - There are few API suppliers due to the DEA-imposed oxycodone quota
- It is our understanding that PPLP relied on [REDACTED] historically to prevent supply disruptions (i.e., having an alternate supplier in case Rhodes Tech could not support PPLP for some reason)

Other: Active Pharmaceutical Ingredients (API)

IACs (Bard) Payments to Rhodes Tech for API (2A)

IACs Including Bard Purchased \$141MM of API From Rhodes Tech

From 2008 to September 15, 2019, certain IACs, including Bard Pharmaceuticals Limited (“Bard,” a subsidiary of Napp Pharmaceuticals Limited), paid \$141MM to Rhodes Tech for API. Specifically, Bard paid Rhodes Tech \$129MM for oxycodone hydrochloride from 2008 to September 15, 2019 and naloxone HCl dihydrate from 2016 to 2017.

Bard may have paid Rhodes \$19MM more than the price from an alternative third-party API supplier. [REDACTED], an alternative API supplier, offered substantially lower cost oxycodone than Rhodes Tech. Therefore, Rhodes Tech (part of the Debtor Group) was not disadvantaged by this transaction.

IACs Including Bard Purchased \$141MM of API From Rhodes Tech

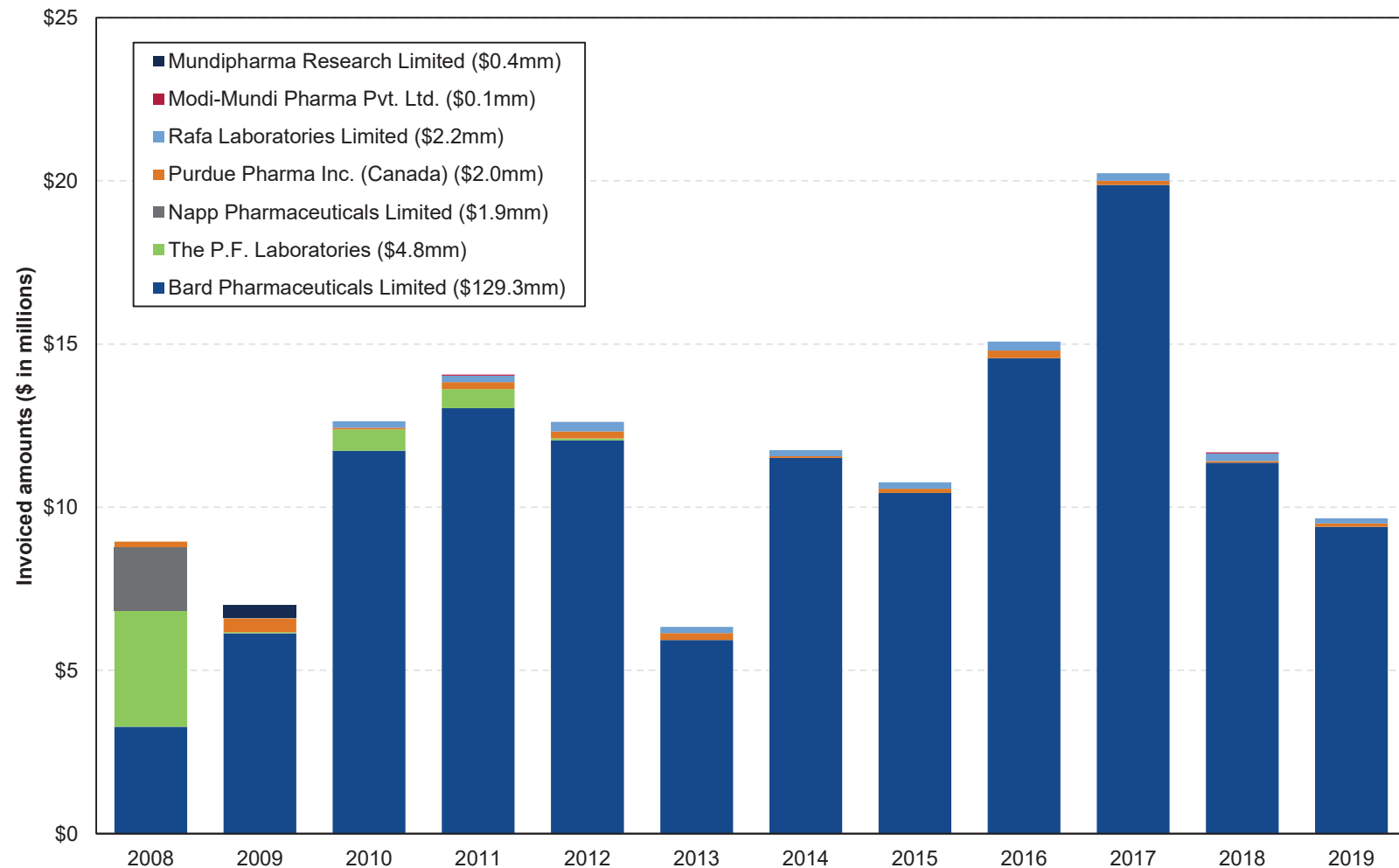
In addition to Bard, Rhodes Tech sold API to the following IACs:

- The P.F. Laboratories Inc. (“P.F. Labs”)
- Napp Pharmaceuticals Limited (“Napp”)
- Purdue Pharma Inc. (Canada)
- Rafa Laboratories Limited
- Modi Mundipharma Private Limited
- Mundipharma Research Limited

There are no formal agreements between Rhodes Tech and any IAC for these API purchases. The API prices were determined based on “historical market prices.”

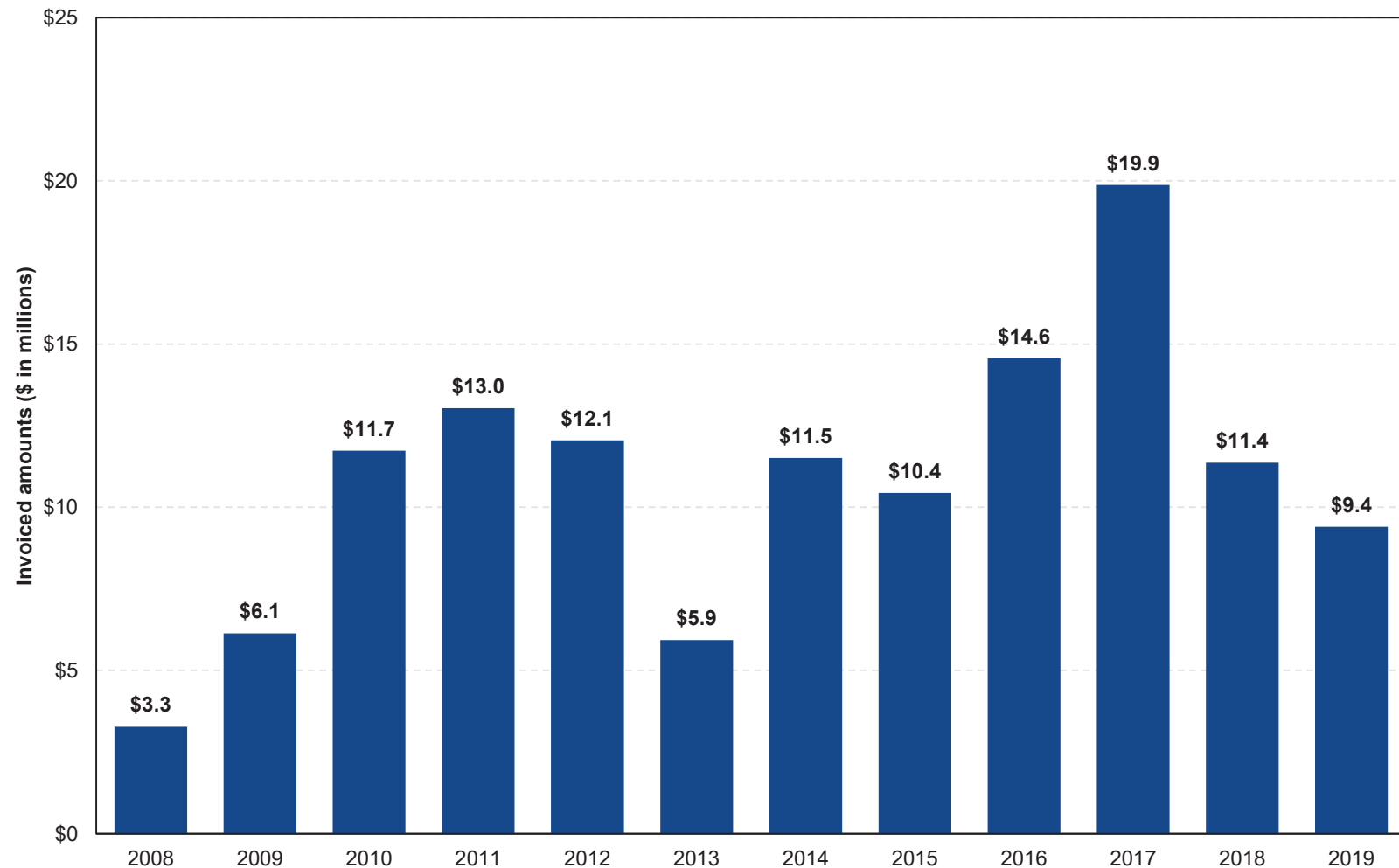
Rhodes Tech and Bard negotiated an annual price by referencing the price [REDACTED] charged Bard for oxycodone hydrochloride. There was no annual minimum quantity of API that Bard needed to purchase.

Rhodes Tech Charged Bard and Other IACs \$141MM for API Purchases from 2008 to Sept. 15, 2019



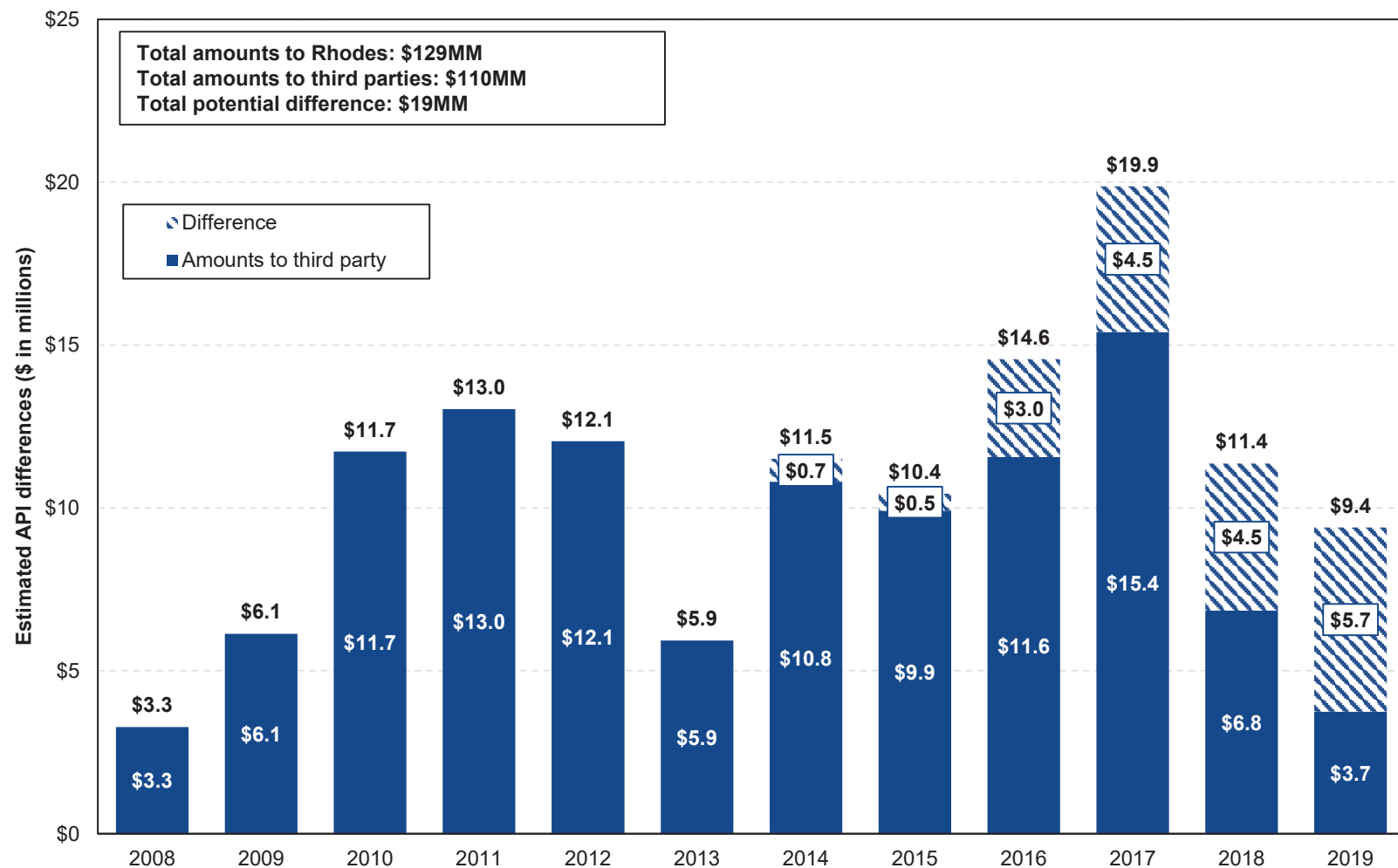
Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 234.

Rhodes Tech Charged Bard \$129MM for API Purchases From 2008 to Sept. 15, 2019



Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 234.

API Prices Paid by Bard to Rhodes Tech May Have Been \$19MM Higher Than Third-Party Supplier Prices



Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 234. PPLPC029000678144, 8. PPLP data.

Other: Admin Services

Internal Audit, Environmental, Health, Safety, and Security
Services Provided by PPTI to PPLP (1C)

Internal Audit, Environmental, Health, Safety, and Security Services Provided by Purdue Pharma Technologies Inc. (“PPTI”) to PPLP

Between 2008 and December 15, 2015, PPLP paid PPTI \$100.1MM. PPLP paid \$56.6MM for security services, \$38.5MM for Environmental Health and Safety (“EHS”) services, and \$5MM for internal auditing.

A review of the line item charges for services provided by PPTI to PPLP show that these tie out with the reported cost payments.

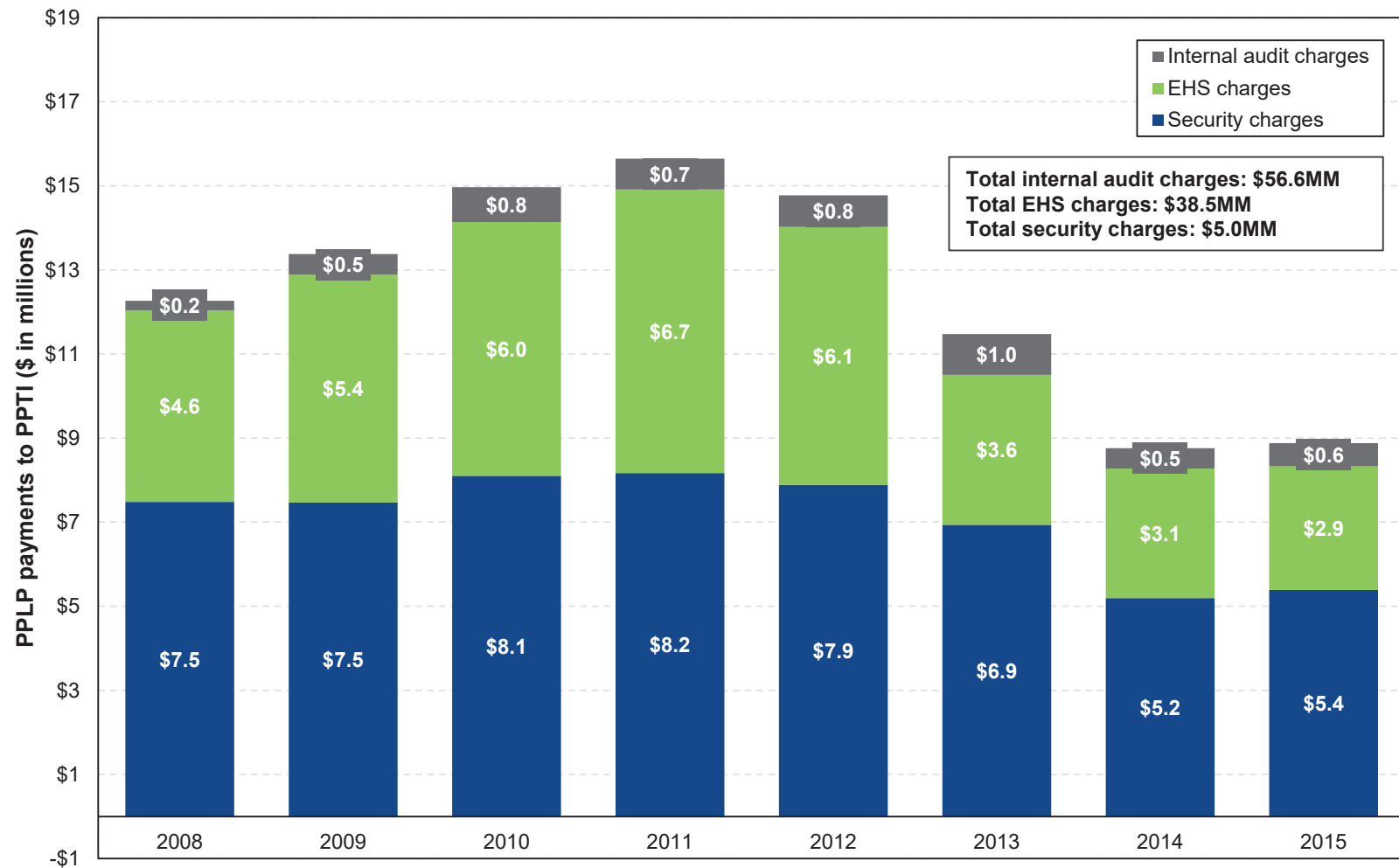
PPLP paid costs plus a markup of 10%. Our analysis of the markups earned by comparable companies suggests that the 10% markup for EHS and internal audit services is reasonable. However, we conclude that PPLP paid PPTI \$4.8MM in excess (i.e., above arm’s-length) markups on security services and outsourced services from 2008–2015 based on market benchmarks.

Services Provided by PPTI to PPLP

- Security services
 - Services include security guards, investigations, and outsourced consulting
 - PPLP paid PPTI costs and expenses plus 10% markup under the parties' agreement
- EHS services
 - Services include waste treatment, wellness programs, onsite doctors and nurses, safety supplies, and outsourced environmental services
 - No formal agreement, but PPLP appears to have paid for these services at cost plus 10% markup, based on Purdue internal documents and SAP extracts reviewed by AlixPartners
- Internal audit service
 - Services include salaries, training programs, and travel
 - No formal agreement, but PPLP appears to have paid for these services at cost plus 10% markup, based on Purdue internal documents and SAP extracts reviewed by AlixPartners

Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 84–93; Security 2008 – 2015.xlsx, “Summary”; EHS 2008 – 20015.xlsx, “Summary”; Internal Audit 2008 – 2015.xlsx, “Summary.”

Internal Audit, Environmental, Health, Safety, and Security Services Provided by PPTI to PPLP (1C)



Source: Security 2008 – 2015.xlsx, “Summary”; EHS 2008 – 20015.xlsx, “Summary”; Internal Audit 2008 – 2015.xlsx, “Summary.”

Range of Differences for All Services

Description	Potential Difference Description	Difference Amount (\$MM)
10% markup for <u>security services</u> appears to be above an arm's-length amount, and a median markup based on comparables is used instead	Markup amounts above the annual median comparable markup for <u>security services</u>	\$2.4
Markup for <u>security services</u> , <u>EHS</u> , and <u>internal audit services</u> is reasonable for regular charges, but markups on payments for outsourced services are above arm's-length amounts	Above difference + markup amounts on outsourced services	\$4.8

Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 84–93.

Range of Potential Differences in Amounts for All Services

Service Charge	Difference Type	Description	Potential Difference Description	Difference Amount (\$MM)
Security	1	10% markup for <u>security services</u> is above an arm's-length amount, and a median markup based on comparables is used instead	Markup amounts above the annual median comparable markup for <u>security services</u>	\$2.4
	2	Markup for <u>security services</u> is reasonable for normal charges, but markups on payments for outsourced services are above arm's-length amounts	Above difference + markup amounts on outsourced services	\$3.5
EHS	2	Markup for <u>EHS services</u> is reasonable for normal charges, but markups on payments for outsourced services are above arm's-length amounts	Markup amounts on outsourced services	\$1.3
Internal Audit	2	Markup for <u>internal audit services</u> is reasonable for normal charges, but markups on payments for outsourced services are above arm's-length amounts	Markup amounts on outsourced services	\$0.05

Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 84–93. *Security 2008 – 2015.xlsx*, "Summary."

Note: The 10% markup amounts for EHS and internal audit are reasonable, so the difference in scenario one for these two services is \$0.

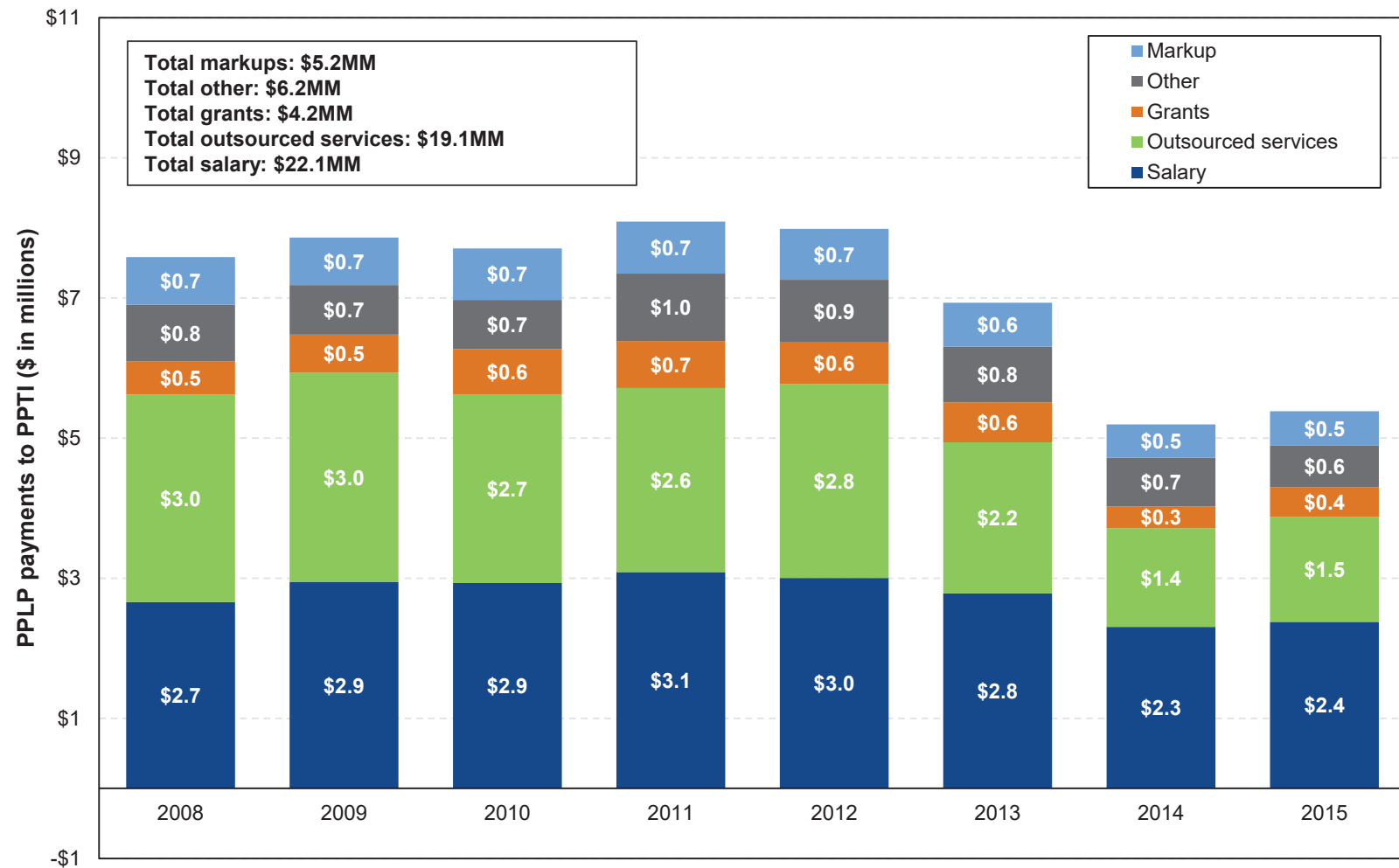
Example Line Items for Security Services Provided by PPTI for 2010

Total security expenditure in 2010 was \$8.1MM, including \$7.7MM in operating expenses and markups and \$0.3MM in net adjustments.

	A	B	C	D	E	F	G	H	I
1	Security								
2	Full year 2010								
15									
16			YTD Actual						
17		Cost center	2185409	2533409	2531409	2532409	4403409	2530409	Total
18	Cost Element		Security - Corporate	Security - Rhodes	Security - Totowa	Security - Wilson	Security - Discovery	Security -Stamford	
37	607050	Canned Software	3,134	6,377			1,962	14,227	25,701
38	607110	Equipment			148				148
39	607300	Dues	42,475	514	202	630	225	43	44,089
40	607310	Subscript. - Books	1,642			1,057			2,699
41	607315	Electronic - Books	60						60
42	607320	Subscript. -Journals	327						327
43	607330	Subscript. -Info Svc	24,581						24,581
44	607340	Lib Document Deliver	54						54
45	607345	Electronic Doc Del	178						178
46	607400	Repair & Maint - mat				510		6,234	6,744
47	607410	Repair & Maint - lab			38,479	70,923	34,577		143,980
48	607510	Outside Rent		2,876					2,876
49	607605	Bldg. Repair - Mat.					125		125
50	607700	Emp Dining/Co Events	(2,654)			(978)		(1,198)	(4,831)
51	607740	Outside Security		577,568	498,253	580,495	404,696	263,747	2,324,759
52	607900	Telephone	2,962	1,425	1,615	75	703	83	6,863
53	608310	Literature Search	1,130						1,130
54	608630	Security Investigat	178,296						178,296
55	608640	Outside Services	899	1,341	1,705	728			4,673
56	608660	Consultants - Mgmt.	192,203						192,203
57	609350	Seminars & Symposia	725						725
58	609570	Security Supplies	7,761	1,645	980	5,206	2,857	4,774	23,223
59	611585	Field Mgt's - Ext	2,975						2,975
60	611615	Community Rel Supp.				600			600
61	611625	Law Enforce Affairs	643,902						643,902
62	650030	Sales Tax Expense	3,832		36,979	27	27,996	15,864	84,698
63	PURDALL_OTHER	All Other Expenses	1,335,061	606,038	591,167	676,651	488,351	342,520	4,039,788
64	AURDOPER_EXPEN	Operating Expenses f	3,173,727	886,492	759,622	911,455	704,584	533,993	6,969,873
65									
66		Annual bonus (1)	275,975	24,205	19,770	34,300	26,580	24,220	405,050
67		Other Adjustments (2)	(9,340)						(9,340)
68		Total	3,440,362	910,697	779,392	945,755	731,164	558,213	7,365,583
69		10% mark up	344,036	91,070	77,939	94,575	73,116	55,821	736,558
70		Total	3,784,398	1,001,767	857,331	1,040,330	804,280	614,034	8,102,141

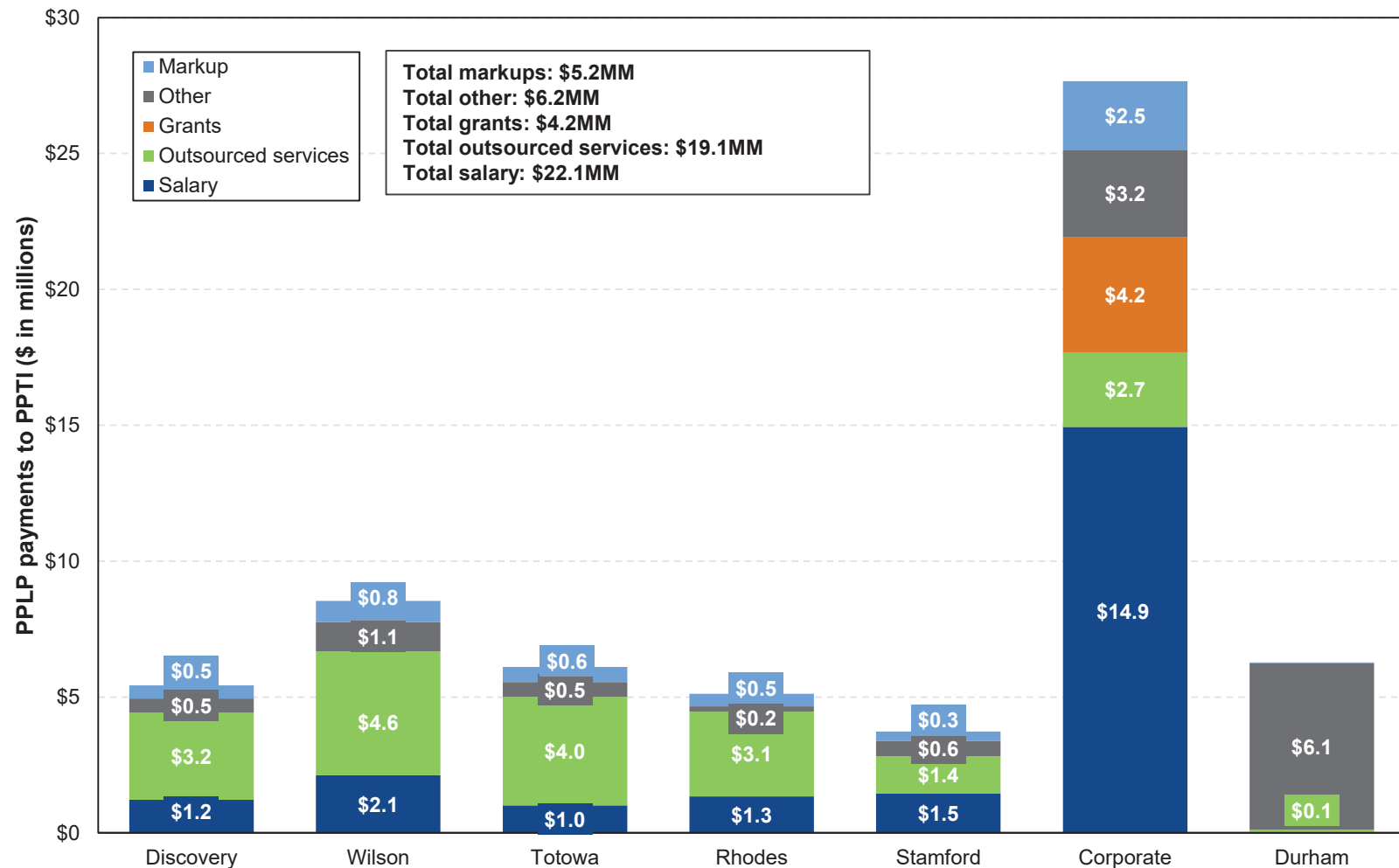
Source: Security 2008 – 2015.xlsx, "Summary."

Summary of Security Charges by Type and Year



Source: Security 2008 – 2015.xlsx, "Summary."

Summary of Security Charges by Location and Type



Source: *Security 2008 – 2015.xlsx*, "Summary."

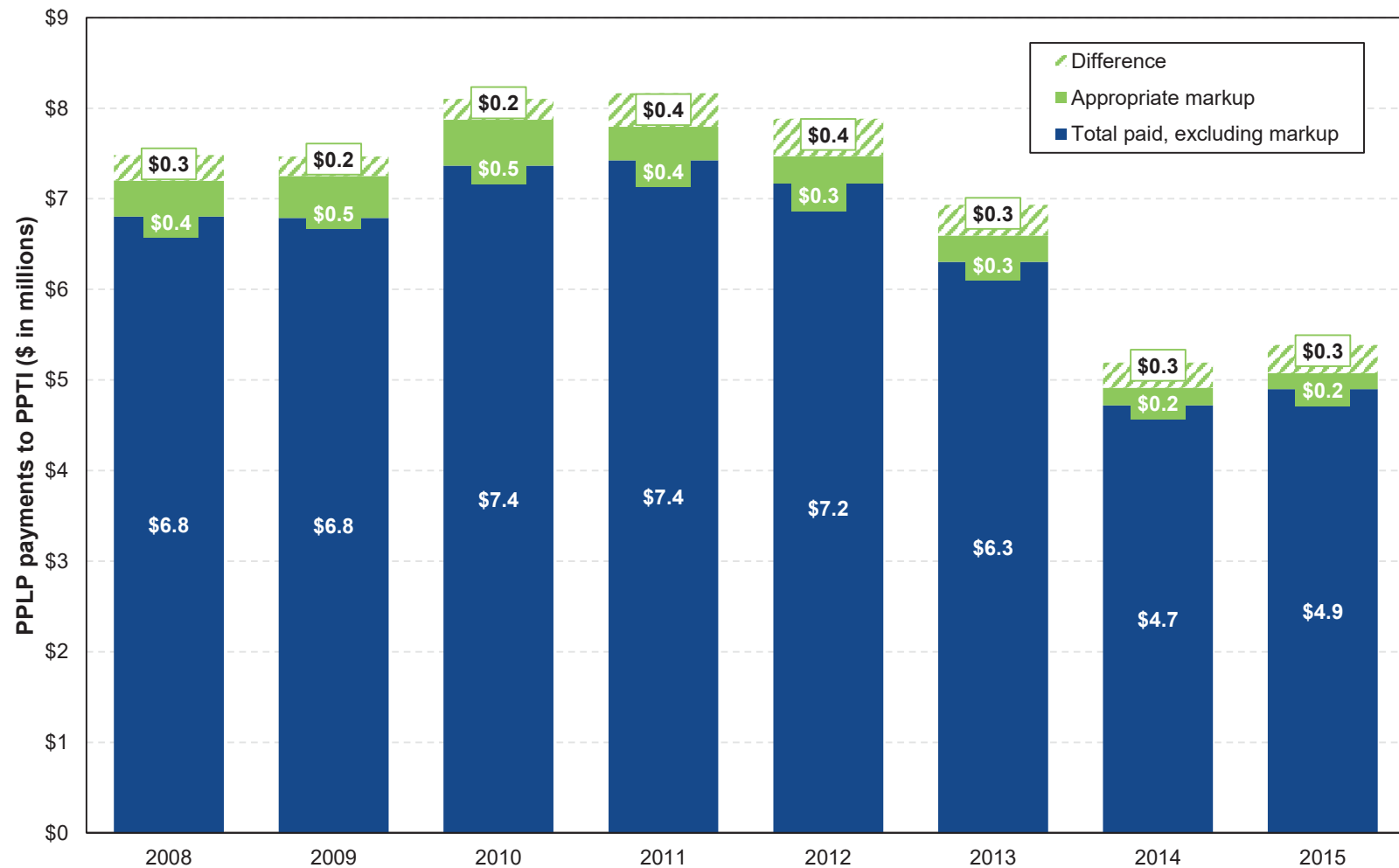
Note: Corporate includes security for corporate level employees.

Comparables Analysis Suggests 10% Markup for Security Services is Above Arm's-Length Amounts

- Markup of 10% was higher than markups earned by comparables
- Reviewed a set of 208 firms and identified nine companies broadly comparable to the security services provided
 - Range between -3.5% and 7.5%
 - Markup of 10% is consistently outside the range of returns
 - Interquartile range is summarized below

	2008	2009	2010	2011	2012	2013	2014	2015
Lower Quartile	3.8%	5.4%	4.9%	1.3%	-3.5%	-1.5%	2.1%	3.2%
Median	5.8%	6.8%	6.9%	5.0%	4.2%	4.6%	4.1%	3.6%
Upper Quartile	6.5%	7.0%	7.5%	6.8%	5.5%	5.0%	6.7%	7.3%

Compared to the Median Comparable Markup, 10% Markup on Security Services Suggests a Difference of \$2.4MM



Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 84-93.

Range of Differences for Security Services

Difference Type	Description	Difference Description	Difference Amount (\$MM)
1	10% markup for <u>security services</u> is above arm's-length amount, and a median markup based on comparables should be used instead	Markup amounts above the annual median security comparable markup	\$2.4
2	The markup for <u>security services</u> is reasonable for normal charges, but markups on payments for outsourced services are above arm's-length amounts	Above difference + Markup amounts on outsourced services	\$3.5

Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 84-93.

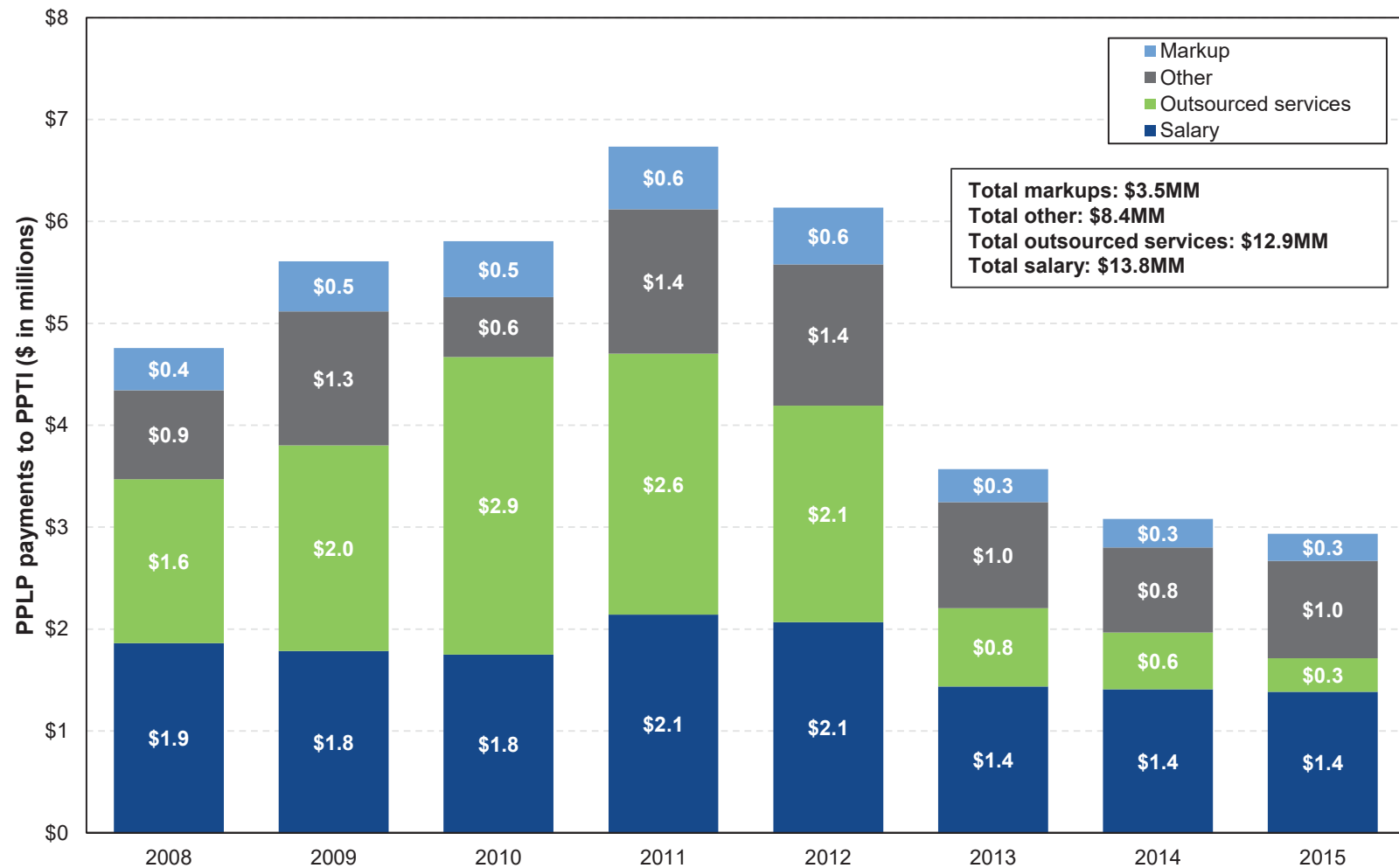
Example Line Items for EHS Services Provided by PPTI for 2010

Total EHS expenditure in 2010 was \$6.0MM, including \$5.8MM in operating expenses and markups and \$0.2MM in net adjustments.

	A	B	C	D	E	F	G	H
1	EHS							
2	Full year 2010							
15								
16			YTD Actual					
17		Cost center	2550409	6652409	6651409	4404409	6650409	Total
18	Cost Element		EHS - Corporate	EHS - Rhodes	EHS - Wilson	EHS Discovery 409	EHS - Totowa	
37	606840	Misc. Proc. Card	(49)				106	57
38	606841	Misc Gen Exp		141				141
39	607000	Postage		237				237
40	607050	Canned Software	40,670	4,603				45,273
41	607060	SW Maint. - Canned	16,623					16,623
42	607300	Dues	43,496	655	536			44,687
43	607310	Subscript. - Books	1,015		95			1,110
44	607340	Lib Document Deliver	66					66
45	607400	Repair & Maint - mat					641	641
46	607605	Bldg. Repair - Mat.				379		379
47	607620	Enviromental Service	5,758	1,740,260	50,974	158,693	290,168	2,245,853
48	607700	Emp Dining/Co Events	(1)		(414)			(415)
49	607740	Outside Security		395				395
50	608030	Waste Treatment		(95,981)			28,391	(67,590)
51	608050	Scavenger					22,927	22,927
52	608640	Outside Services	500,401	138,472	7,857	4,464	21,514	672,708
53	608650	Calibration Services	3,446				96	3,542
54	608660	Consultants - Mgmt.	107,331				2,666	109,998
55	608690	Consulting-Safety				99,362	10,766	110,128
56	609480	Laboratory Supplies				15		15
57	609550	Safety Supplies	28,421	39,804	39,853	16,915	21,201	146,194
58	609570	Security Supplies	519					519
59	611600	Community Affairs				250		250
60	650020	Permits	110		2,915	10,876	24,689	38,590
61	650030	Sales Tax Expense	620	16,870	129	191	2,744	20,555
62	700520	Realized FX		(36,465)				(36,465)
63	601070	Freight In- CC / IO	231	5,054	61	66	284	5,696
64	△ PURDALL, C	All Other Expenses	834,060	1,837,011	109,562	291,210	433,686	3,505,530
65	△ PURDOPER, EX	Operating Expenses f	1,851,340	2,401,261	278,805	291,210	433,686	5,256,303
66								
67		Annual bonus (1)	129,265	46,695	20,230			196,190
68		Other Adjustments (2)	(3,925)	36,465				32,540
69		Total	1,976,680	2,484,421	299,035	291,210	433,686	5,485,033
70		10% mark up	197,668	248,442	29,904	29,121	43,369	548,503
71		Total	2,174,348	2,732,863	328,939	320,331	477,055	6,033,536

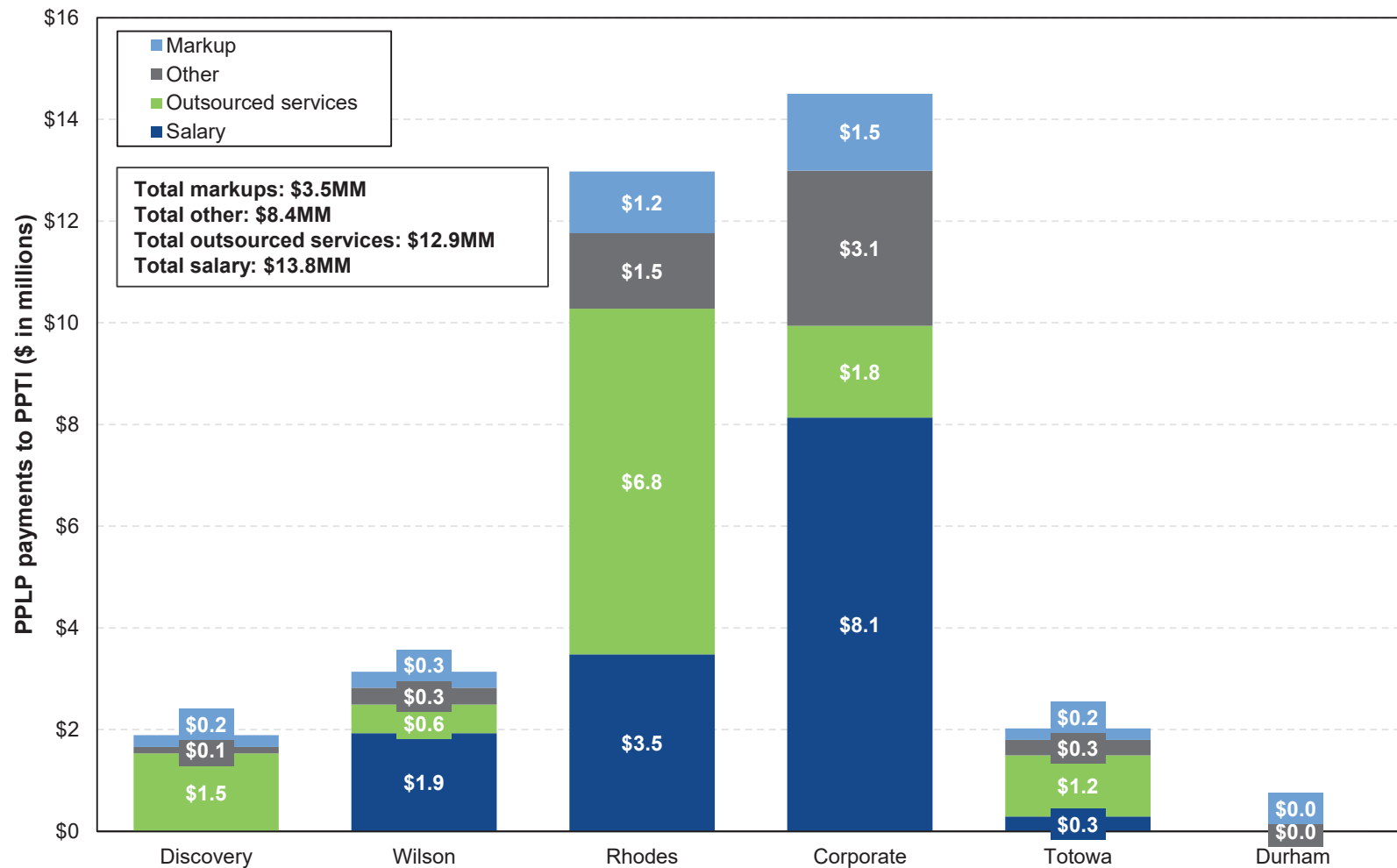
Source: EHS 2008 – 2015.xlsx, "Summary."

Summary of EHS Charges by Type and Year



Source: EHS 2008 – 2015.xlsx, "Summary."

Summary of EHS Charges by Location and Type



Source: EHS 2008 – 2015.x/sx, "Summary."

Note: Excludes Durham location, which was associated with \$2,172 of payments.

Comparables Analysis Suggests 10% Markup for EHS Services Was Reasonable

- Markup of 10% is an arm's-length markup on cost of service based on our analysis
 - Horst Frisch (transfer pricing advisors) also performed a comparables analysis in 2016 and concluded that the PPTI markup is reasonable
- Reviewed more than 192 potential comparables and identified 7 that are closest to the relevant back office transactions
 - Interquartile range of comparable markups is summarized below

	2008	2009	2010	2011	2012	2013	2014	2015
Lower Quartile	5.4%	6.3%	5.4%	5.1%	4.3%	1.5%	0.7%	0.4%
Median	9.5%	12.0%	11.8%	10.9%	8.8%	6.2%	6.4%	6.6%
Upper Quartile	13.9%	13.8%	29.3%	21.0%	13.3%	13.2%	13.4%	13.0%

Source: Horst Frisch, "Economic Analysis of the Services Performed by Purdue Pharma Technology Inc.," (August 15, 2016).

Difference for EHS Services

Difference Type	Description	Difference Description	Difference Amount (\$MM)
2	The markup for <u>EHS services</u> is reasonable for normal charges, but markups on payments for outsourced services are above arm's-length amounts	Markup amounts on outsourced services	\$1.3

Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 84-93. *EHS 2008 – 2015.xlsx*, "Summary."

Note: (1) The 10% markup amounts for EHS and internal audit are reasonable, so the difference in scenario one for these two services is \$0.

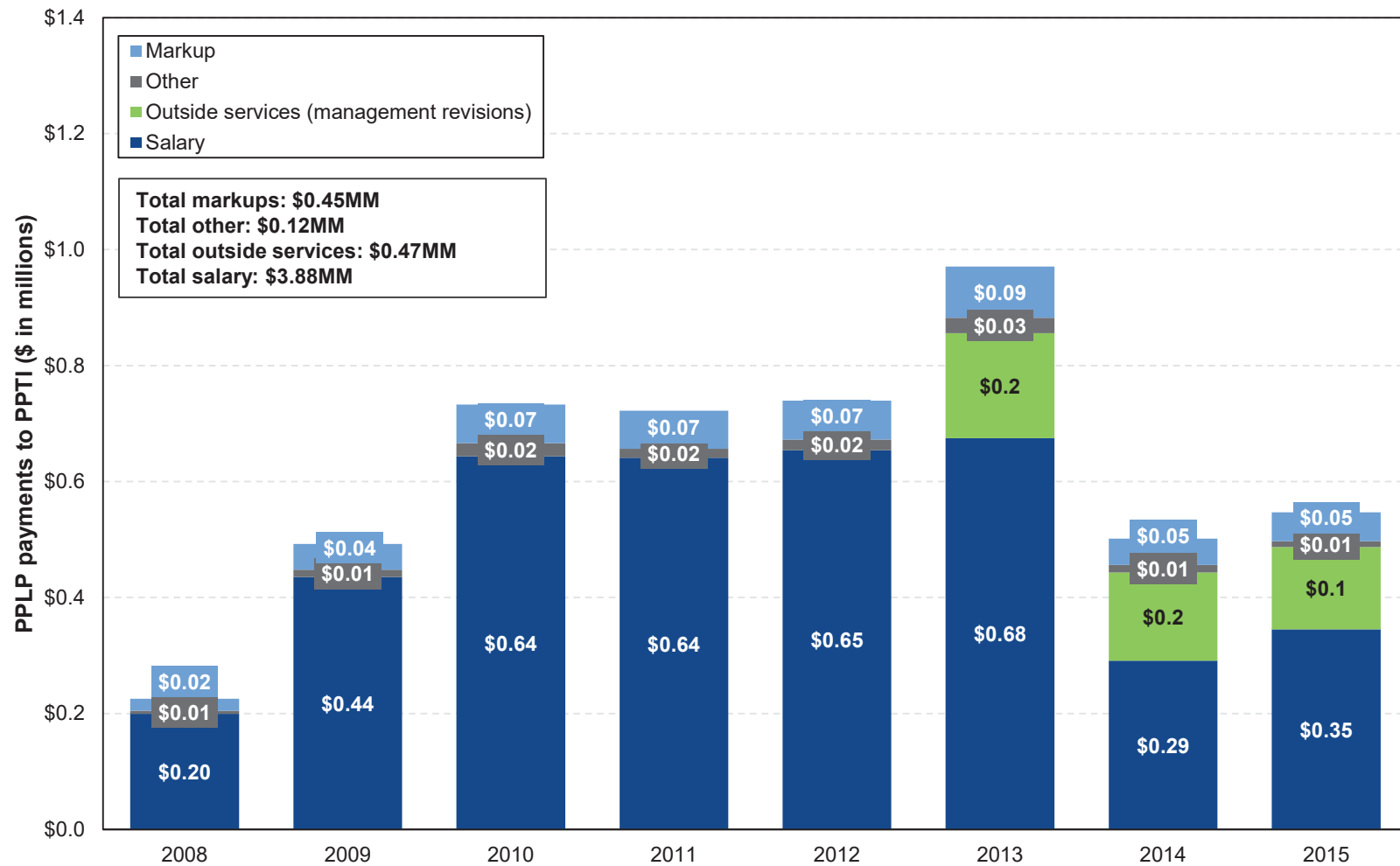
Example Line Items for Internal Audit Services Provided by PPTI for 2010

Total internal audit expenditure in 2010 was \$0.55MM, including \$0.50MM in operating expenses and markups and \$0.05MM in net adjustments.

	A	B	C	D	E	F	G	H	I	J
1	Internal Audit									
2	2008 - 2015									
15										
16	Cost center	2203409	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual
17										
18	Cost Element									
19	603000	Salaries - Exempt	156,867	364,425	435,533	447,595	449,602	464,199	178,758	213,673
20	604000	Payroll Taxes	9,301	20,637	22,948	22,920	31,847	25,681	13,390	17,267
21	606000	Annual Bonus			116,810	95,482	93,350	99,548	56,563	66,804
22	792000	Fringe Benefits	33,102	50,233	68,206	74,978	79,466	85,594	42,158	47,500
23	PUR/SALARIES	Payroll Expenses	199,270	435,295	643,497	640,975	654,265	675,022	290,869	345,244
24	792010	Fleet Allocation	-	5,775	10,050	10,500	13,650	20,400	9,950	7,893
25	606300	Admin and Prof Trav.	3,041	3,689	5,148	1,869	3,448	3,422	3,297	2,313
26	606420	Meals and Ent.	353	320	408	130	299	59	35	134
27	606510	Ext. Training Exp.	474	751	5,888	535		689		798
28	606800	Office Supplies						65		
29	607050	Canned Software				741		500	420	441
30	607300	Dues	450	1,000	935	958	215	250		250
31	607310	Subscript. - Books	830	455	505	530				
32	607320	Subscript. -Journals	338	791	599	553	604	479		
33	607700	Emp Dining/Co Events		(325)	(844)	(238)				
34	608640	Outside Services						180,782	152,353	141,804
35	700520	Realized FX						819	(999)	(1,728)
36	Δ PURDALL_OT	All Other Expenses	5,486	12,456	22,689	15,578	18,216	207,465	165,056	151,905
37	Δ PURDOPER_EXPE	Operating Expenses f	204,756	447,751	666,186	656,553	672,481	882,487	455,925	497,149
38										
39		10% markup	20,476	44,775	66,619	65,655	67,248	88,249	45,593	49,715
40		Adjustment to prior year bonus (1)			121,682					
41		Adjustment to current year bonus (2)			(24,795)	7,914	15,265		(7,797)	4,422
42		Other adjustments (3)	(998)		4,090	503	(710)	(1,382)	(9,005)	198
43		Total	224,233	492,526	833,782	730,625	754,284	969,354	484,715	551,484

Source: Internal Audit 2008 – 2015.xlsx, "Summary."

Summary of Internal Audit Charges by Type and Year



Source: *Internal Audit 2008 – 2015.xlsx*, "Summary."

Comparables Analysis Suggests 10% Markup for Internal Audit Services Was Reasonable

- Markup of 10% is an arm's-length markup on cost of service based on our analysis
- Reviewed more than 123 potential comparables and identified eight that are closest to the relevant internal audit transactions
 - Interquartile range is summarized below

	2008	2009	2010	2011	2012	2013	2014	2015
Lower Quartile	7.3%	5.9%	4.4%	4.6%	4.9%	6.1%	6.8%	8.8%
Median	9.1%	8.5%	8.8%	7.2%	7.3%	7.5%	8.5%	10.1%
Upper Quartile	15.1%	13.9%	10.8%	11.4%	14.4%	15.3%	13.6%	12.5%

Difference for Internal Audit Services

Difference Type	Description	Difference Description	Difference Amount (\$MM)
2	The markup for <u>internal audit services</u> is reasonable for normal charges, but markups on payments for outsourced services are above arm's-length amounts	Markup amounts on outsourced services	\$0.05

Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 84-93. *Internal Audit 2008 – 2015.xlsx*, "Summary."

Note: (1) The 10% markup amounts for EHS and internal audit are reasonable, so the difference in scenario one for these two services is \$0.

Other: Admin Services

Transfer from PPLP to TXP Services Inc. for Financial and Tax Services (1G)

PPLP Payments to TXP Services Inc. (“TXP”) for Financial and Tax Services

PPLP paid \$20.0MM to TXP from January 2008 to September 15, 2019 under a tax services agreement. Pursuant to this agreement, TXP performed accounting, tax-related, and administrative services for PPLP and various IACs.

From January 2008 through July 2018, the agreement’s payment structure included costs and expenses, plus a 10% markup. From July 2018 onward, the payment structure was revised to be a fixed-fee.

TXP’s markup of 10% is a reasonable markup on its cost of service, based on an analysis of comparable companies providing similar services.

PPLP Payments to TXP for Financial and Tax Services

TXP and PPLP agreed on a payment structure in January 2008

- TXP charged PPLP its costs and expenses, plus a 10% markup, as agreed

4. Invoices and Payment.

(a) Within thirty (30) days of the last day of each calendar quarter ending on the last day of each March, June, September and December (each a "Calendar Quarter"), TXP shall submit to PPLP an invoice summarizing the costs and expenses incurred by TXP in providing its services hereunder during such Calendar Quarter and containing a service charge in the amount of ten percent (10%) of such costs and expenses.

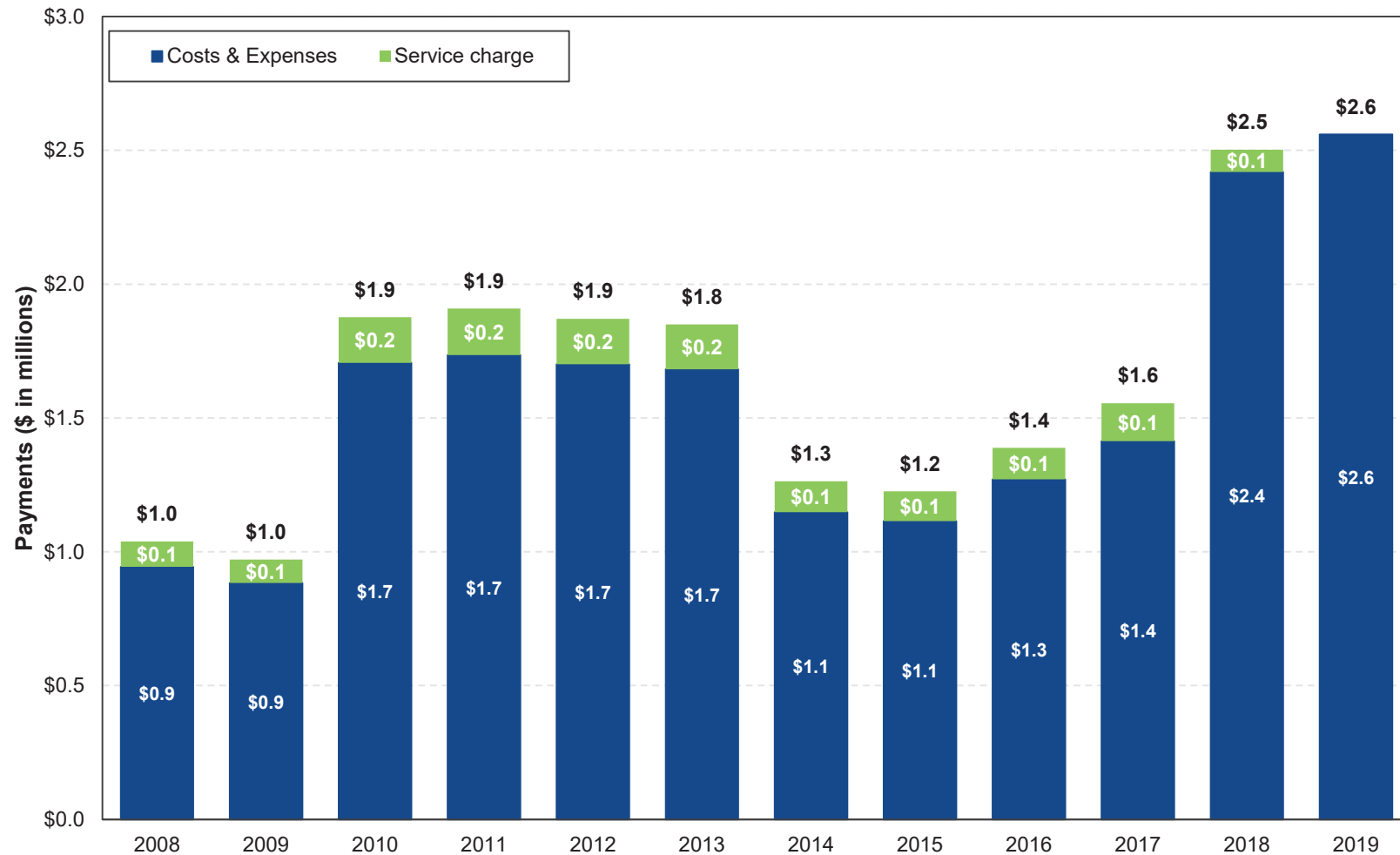
TXP and PPLP revised their payment structure in July 2018

- TXP charged PPLP a fixed-fee, so no further markups were calculated

3. **Compensation:** TXP's fee for services performed under this Services Agreement from July 1, 2018 through December 31, 2018 (the "2018 Fixed Fee") shall be \$2,113,674. TXP's fee for services performed under this Services Agreement in 2019 and thereafter shall comprise:

Source: AlixPartners, Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 28, 121–132. May 6, 2020 discussion with Purdue. TXP, "TXP clients.xlsx," tab "Reporting Entities at 06.01," August 15, 2019; Tax Services Agreement effective as of January 1, 2008 by and between Purdue Products L.P. and TXP Services Inc., p. 2. Services Agreement effective as of January 1, 2018 by and between Purdue Pharma L.P. and TXP Services.

PPLP Payments, Including Markups, to TXP Services During 2008 through September 15, 2019: \$20.0MM



Source: AlixPartners, Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 28, 125.

Note: We understand that, in late 2018, Purdue paid an additional 0.75% on their 2016 costs and expenses, resulting in a \$9,530 true-up.

PPLP Payments to TXP for Financial and Tax Services

PPLP paid \$20.0MM to TXP from January 2008 to September 15, 2019 under a tax services agreement. There was an allocation of costs among the IACs. While we do not have sufficient information to fully assess the cost allocation, given the size of PPLP relative to other IACs, the allocation seems reasonable.

PPLP paid cost plus 10% markup from 2008 until revising the agreement to a fixed-fee arrangement effective July 1, 2018.

In 2016, PPLP paid a lower service charge percentage (9.25% vs. 10%). PPLP later reconciled this difference by paying an additional 0.75% on its 2016 costs and expenses (approximately \$1.3MM). This true-up amounts to \$9,530 owed to TXP, which was paid in late 2018.

TXP Performed Financial and Tax Services for Various Sackler-Owned Entities

TXP is a financial services IAC that provides accounting, tax-related, and administrative services

- Examples: personal property declarations, sales & use tax returns, annual transfer pricing reporting, census surveys, etc.

TXP performed such services exclusively for Sackler-owned entities, including Purdue, PPI, and various IACs

- Examples: E.R.G Realty, One Stamford Realty, Aviro Health, Imbrium Therapeutics, Rhodes Pharmaceuticals, Pharmaceutical Research Associates, SVC Pharma, etc.

PPLP payments to TXP included payments on behalf of these entities:

- Purdue Pharma L.P. (208); Mundipharma LLC (213); Purdue Pharmaceuticals L.P. (219); Purdue Pharmaceuticals L.P. (225); Purdue Pharma Puerto Rico (231); Avrio Health L.P. (307; formerly Purdue Products L.P.); Purdue Pharmaceutical Products L.P (313)
- In 2016, AlixPartners includes SAP company codes 109 (The P.F. Laboratories) and 247

Source: AlixPartners, Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 28, 121–132. May 6, 2020 discussion Purdue. TXP, “2 Does TXP have any other clients.xlsx,” tab “Reporting Entities at 06.01,” August 15, 2019;. SAP code 247 refers to an unknown entity.

TXP Documentation Includes Multiple SAP Codes

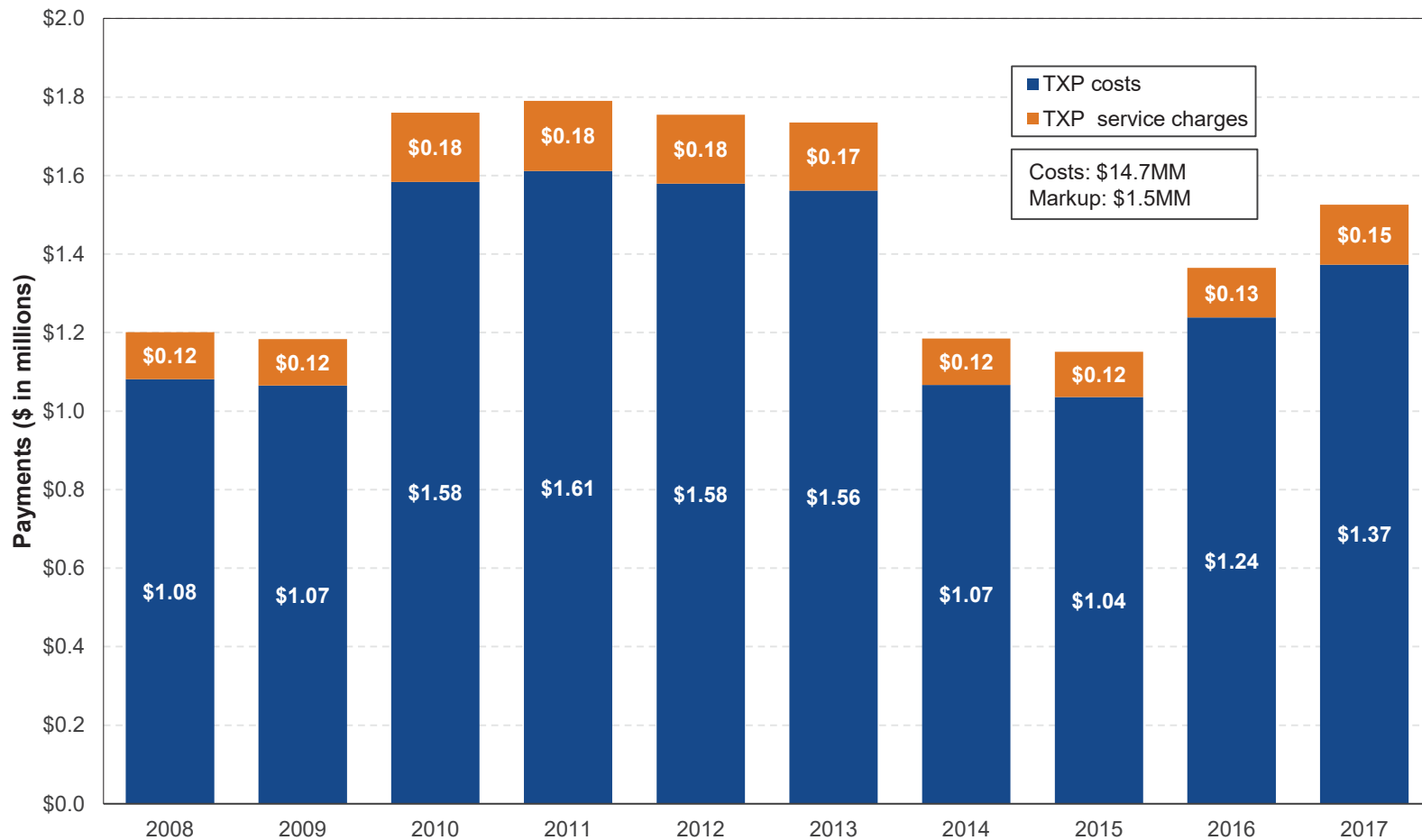
TXP - Company 415 2008 - 2019		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
793160	TXP Assessmt	-\$ 1,201,062	-\$ 1,183,534	-\$ 1,759,965	-\$ 1,790,439	-\$ 1,754,558	-\$ 1,735,098	-\$ 1,184,918	-\$ 1,151,038	-\$ 1,364,501	-\$ 1,525,500	-\$ 926,206	\$ 0
793170	TXP MARK UP	-\$ 120,106	-\$ 118,354	-\$ 175,996	-\$ 179,044	-\$ 175,456	-\$ 173,510	-\$ 118,492	-\$ 115,104	-\$ 126,176	-\$ 152,550	-\$ 92,621	\$ 0
▲PURDFA_C	Other	-\$ 1,302,645	-\$ 1,287,593	-\$ 2,079,486	-\$ 1,950,898	-\$ 1,907,402	-\$ 1,886,036	-\$ 1,665,664	-\$ 1,290,034	-\$ 2,183,811	-\$ 2,486,373	-\$ 1,442,269	-\$ 39,371
▲PURDFA_OT	Other	-\$ 1,293,279	-\$ 1,284,483	-\$ 2,079,362	-\$ 1,951,039	-\$ 1,947,022	-\$ 1,893,551	-\$ 1,671,566	-\$ 1,296,866	-\$ 2,191,558	-\$ 2,511,624	-\$ 1,441,722	-\$ 19,794
▲PURDFA_GAG	TOTAL EXPENSE	-\$ 117,351	\$ 17,779	-\$ 337,833	-\$ 161,472	-\$ 165,723	-\$ 47,317	-\$ 65,369	-\$ 139,380	-\$ 182,721	-\$ 285,545	\$ 1,984,991	\$ 15,147,471
Companies that TXP allocated out to for Tax services (through June 2018)													
	109	-\$ 39,735	-\$ 45,921	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	-\$ 115	-\$ 2,291	-\$ 1,297	
	112	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	-\$ 956	-\$ 1,069	-\$ 649	
	113	\$ 0	\$ 0	-\$ 9,507	-\$ 9,671	-\$ 9,477	-\$ 9,372	-\$ 6,400	-\$ 6,217	-\$ 9,695	-\$ 11,455	-\$ 6,395	
	190	-\$ 22,838	-\$ 26,393	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	-\$ 956	-\$ 1,069	-\$ 649	
	208	-\$ 874,531	-\$ 802,791	-\$ 1,704,333	-\$ 1,733,844	-\$ 1,699,098	-\$ 1,680,252	-\$ 1,147,464	-\$ 1,113,849	-\$ 1,268,609	-\$ 1,411,739	-\$ 773,728	
	213	-\$ 15,669	-\$ 18,108	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	219	-\$ 28,982	-\$ 33,494	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	220	-\$ 8,295	-\$ 9,587	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	225	\$ 0	\$ 0	-\$ 704	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	227	-\$ 15,150	-\$ 19,173	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	231	\$ 0	\$ 0	-\$ 704	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	235	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	247	-\$ 8,323	-\$ 10,533	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	254	\$ 0	\$ 0	-\$ 704	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	301	-\$ 23,145	-\$ 26,748	-\$ 14,436	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	302	-\$ 28,982	-\$ 33,494	-\$ 1,937	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	303	-\$ 8,295	-\$ 9,587	-\$ 528	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	304	-\$ 15,669	-\$ 18,108	-\$ 528	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	305	\$ 0	\$ 0	-\$ 1,056	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	307	-\$ 15,669	-\$ 18,108	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	308	-\$ 8,295	-\$ 9,587	-\$ 528	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	313	-\$ 9,115	-\$ 10,533	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	314	-\$ 8,295	-\$ 9,587	-\$ 528	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
	315	-\$ 6,657	-\$ 7,693	-\$ 704	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

Appendix 1 – Relevant SAP company codes

Company Number	Company Name	Description
101	The Purdue Frederick Company	Defunct Affiliated Entity (IAC)
105	IAF Corporation	Affiliated Entity (IAC)
109	The P.F. Laboratories	Affiliated Entity (IAC)
190	PRA Inc.	Affiliated Entity (IAC)
208	Purdue Pharma L.P.	Primary Focus Entity
211	Nayatt Cove Lifescience, Inc.	Subsidiary of Purdue Pharma L.P.
213	Mundipharma LLC	Affiliated Entity (IAC)
219	Purdue Pharmaceuticals L.P.	Subsidiary of Purdue Pharma L.P.
225	Purdue Pharmaceuticals L.P.	Subsidiary of Purdue Pharma L.P.
227	Rhodes Technologies	Primary Focus Entity
230	Coventry Technologies L.P.	Former Parent of Rhodes Entities
231	Purdue Pharma Puerto Rico	Subsidiary of Purdue Pharma L.P.
232	New Suffolk Holdings LLP	Affiliated Entity (IAC)
233	Lucien Holdings S.a.r.l.	Affiliated Entity (IAC)
240	Purdue Pharma Products L.P. (n.k.a Avrio Health L.P.	Former Subsidiary of Purdue Pharma L.P.
241	Purdue Transdermal Technologies L.P.	Subsidiary of Purdue Pharma L.P.
248	Rhodes Associates L.P.	Primary Focus Entity
250	Rhodes Pharmaceutical L.P.	Primary Focus Entity
251	Rhodes Pharmaceutical Inc.	Primary Focus Entity

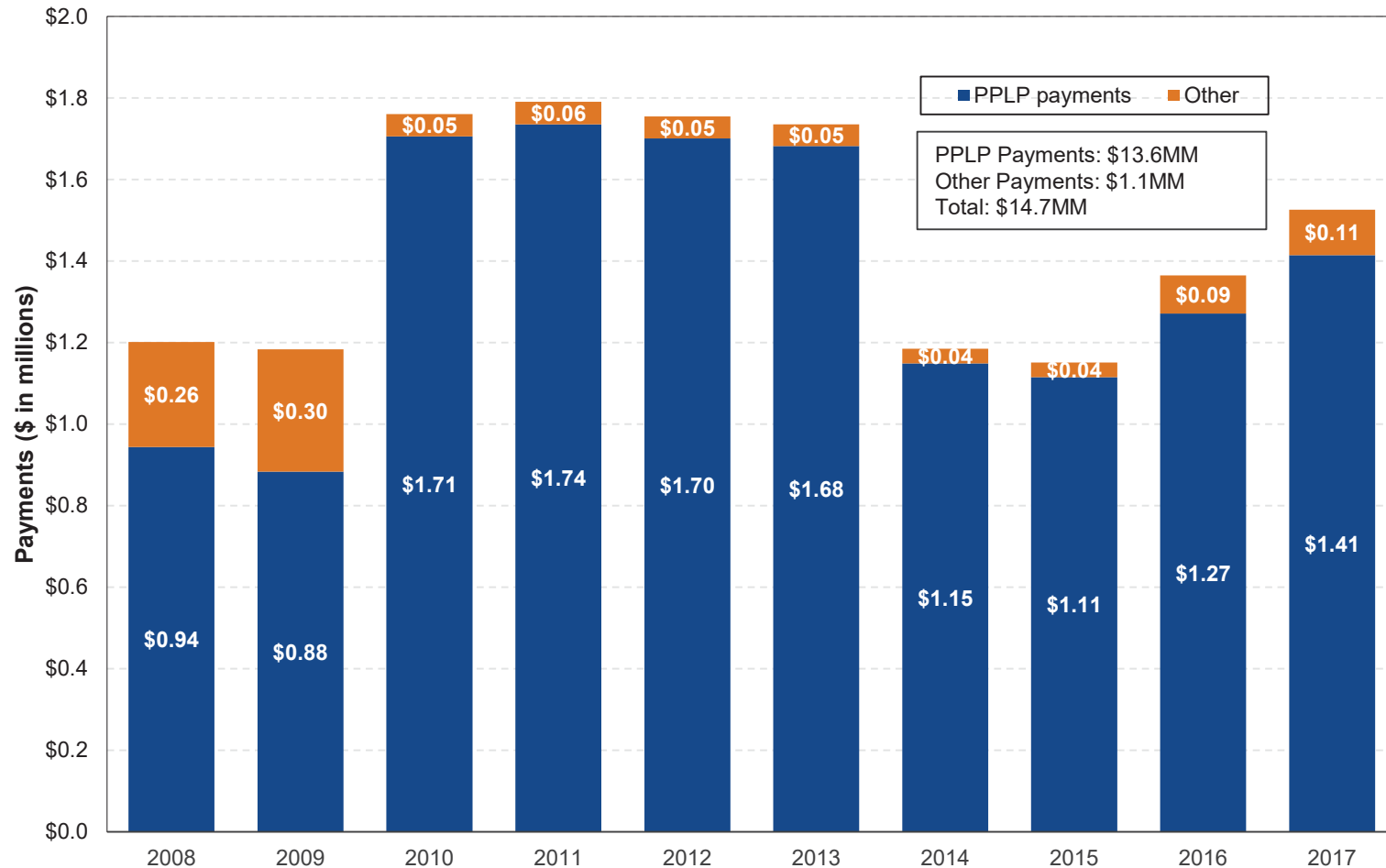
Source: TXP, "Clarification TXP Analysis 2008 – 2019 Alix compare.xlsx," May 7, 2020 , tab "Summary." AlixPartners, Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 383.

Total TXP Charges, Before Markups, During 2008–2017: \$14.7MM



Source: TXP, "TXP Analysis 2008 – 2019.xlsx," May 7, 2020, tab "Summary." TXP and Purdue revised their payment structure on July 1, 2018 to a fixed fee structure.

Total TXP Charges for PPLP and Other Entities by Year, Before the Markup, During 2008–2017



Source: TXP, "TXP Analysis 2008 – 2019.xlsx," May 7, 2020, tab "Summary."; TXP, "Clarification TXP Analysis 2008 – 2019 Alix compare.xlsx," May 7, 2020, tab "Summary." TXP and Purdue revised their payment structure on July 1, 2018 to a fixed fee structure. PPLP payments include SAP Company codes 109, 208, 213, 219, 225, 231, 247, 307, and 313; In 2016, AlixPartners also includes SAP company codes 109 and 247.

Back Office Services: Markup Analysis Using Comparable Transactions

Markup of 10% is an arm's-length markup on cost of service based on our comparables analysis

Reviewed more than 123 potential comparables and identified eight that are closest to the relevant back office transactions

— Interquartile range is summarized below

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Lower Quartile	7.3%	5.9%	4.4%	4.6%	4.9%	6.1%	6.8%	8.8%	8.1%	5.9%	5.4%
Median	9.1%	8.5%	8.8%	7.2%	7.3%	7.5%	8.5%	10.1%	10.4%	10.5%	10.9%
Upper Quartile	15.1%	13.9%	10.8%	11.4%	14.4%	15.3%	13.6%	12.5%	13.8%	14.3%	16.0%

Other: Admin Services

Payments from Various IACs to PPLP for Accounting, HR and Similar Services (1P)

Transfers for Accounting, HR, and Other Services

According to the October 19, 2018 MDL Presentation, PPLP provided accounting, HR, and other services to certain IACs. These IACs include: (i) E.R.G. Realty, Inc, (ii) Mundipharma International Limited (USA), (iii) One Stamford Realty L.P., (iv) Pharmaceutical Research Associates, Inc., (v) Pharma Associates L.P., and (vi) Purdue Pharma Technologies Inc.

According to the 1B Report, based on discussions with PPLP and TXP, no amounts were charged to any of these entities for the services provided by PPLP.

Other: Admin Services

Various Services Provided by Mundipharma International Limited (UK) to PPLP (1J)

Various Unsupported Consulting and Legal Services Provided by Mundipharma International Limited (UK) to PPLP

From 2012 to 2018, PPLP paid Mundipharma International Limited (UK) \$4.5MM for consulting and legal services. We have not been able to identify what specific services were provided to PPLP under this agreement, and what benefit, if any, PPLP received from these services.

Absent additional information regarding the commercial benefits, if any, received by PPLP from these payments, this represents a transfer from PPLP of \$4.5MM without any corresponding value received by PPLP in return.

Various Unsupported Services Provided by Mundipharma International Limited (UK) to PPLP

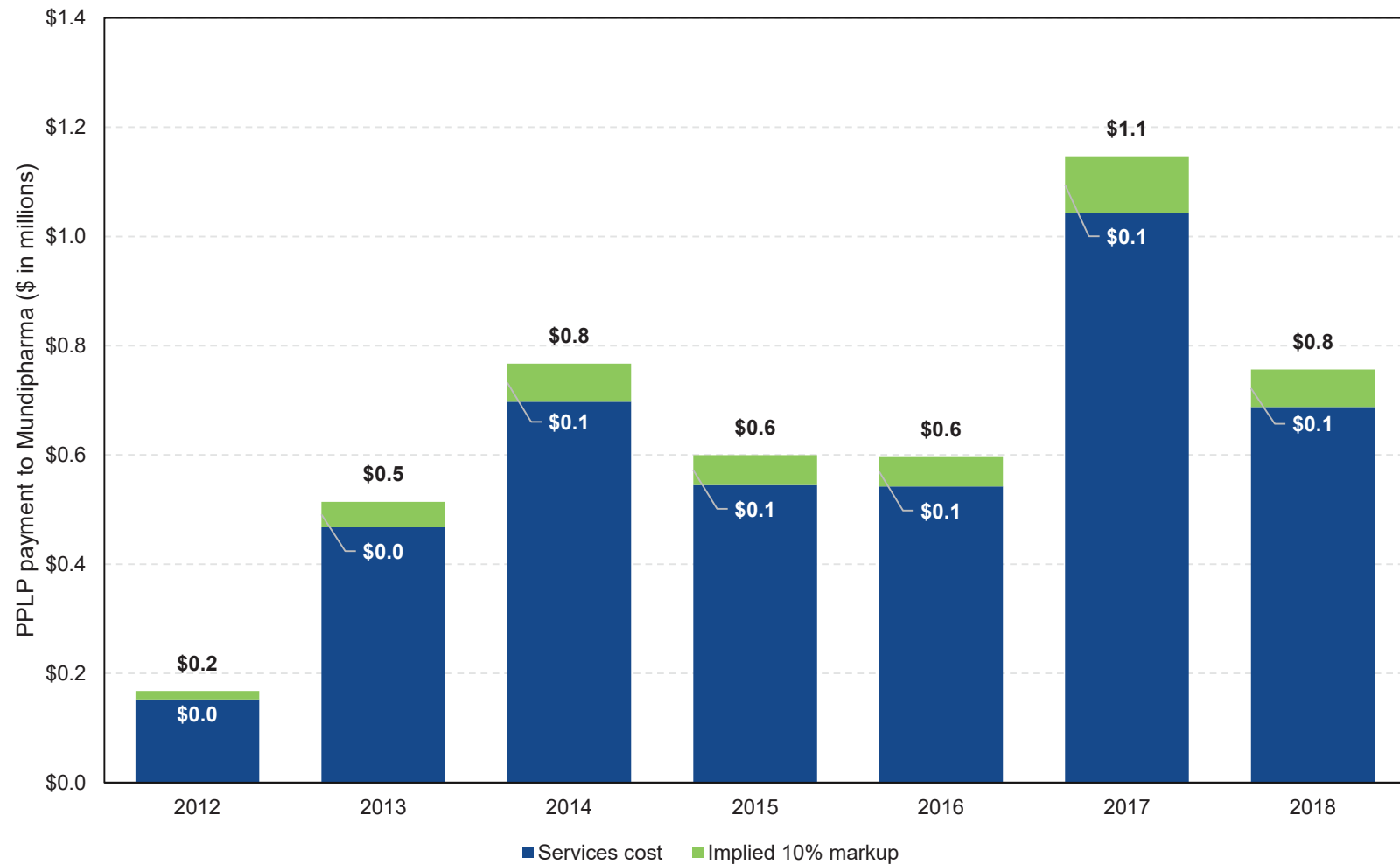
On July 4, 2012, PPLP entered into a services agreement with Mundipharma to provide director consulting services (i.e., management consulting and general and administrative services).

On January 1, 2015, PPLP entered into a second services agreement with Mundipharma to include legal services.

PPLP paid Mundipharma cost plus a 10% markup.

As we have not been able to identify the specific services provided under this agreement, or the commercial benefit to PPLP from these services, we treat this entire \$4.5MM payment as a non-arm's-length transfer of value to Mundipharma.

Unsupported Services Payments and Markups Paid by PPLP to Mundipharma



Source: Intercompany and Non-Cash Transfers Analysis (May. 28, 2020), 31. The implied 10% markup is calculated based on upon the total payments made by PPLP to Mundipharma International Limited (UK).

Other: Admin Services

Admin Services Provided by PPLP to Rhodes (3B)

Admin Services Provided by PPLP to Rhodes Tech and Rhodes Pharma

Rhodes Tech and Rhodes Pharma (both are part of the Debtor Group) paid PPLP \$56.6MM for Shared Services and Expenses from January 1, 2008 to September 15, 2019. The services provided include IT and benefit plan administration, as well as Rhodes-specific services, such as commercial products manufacturing, distribution, and R&D.

It is my understanding, based on discussions with PPLP employees in the finance function and other finance professionals within the Debtor Group, that PPLP received payments from Rhodes Tech and Rhodes Pharma after negotiating the cost allocations.

Admin Services Provided by PPLP to Rhodes

PPLP was paid approximately \$56.6MM from January 1, 2018 to September 15, 2019. Rhodes Pharma paid \$39.8MM, and Rhodes Tech paid \$16.9MM.

PPLP provided the following services to Rhodes Pharma and Rhodes Tech:

- General and administrative services, e.g., finance, IT, human resources/benefits administration, legal, security, corporate quality, compliance, procurement, and customer service
- Tech transfer and Tech Op services related to Rhodes Pharma products, e.g., packaging design and development, tech ops IT, quality control, supply chain management, administrative services, stability and outside services
- Distribution services for Rhodes Pharma products
- Drug safety and R&D services, e.g., management of product complaints and adverse events related to Rhodes Pharma products

Admin Services Provided by PPLP to Rhodes

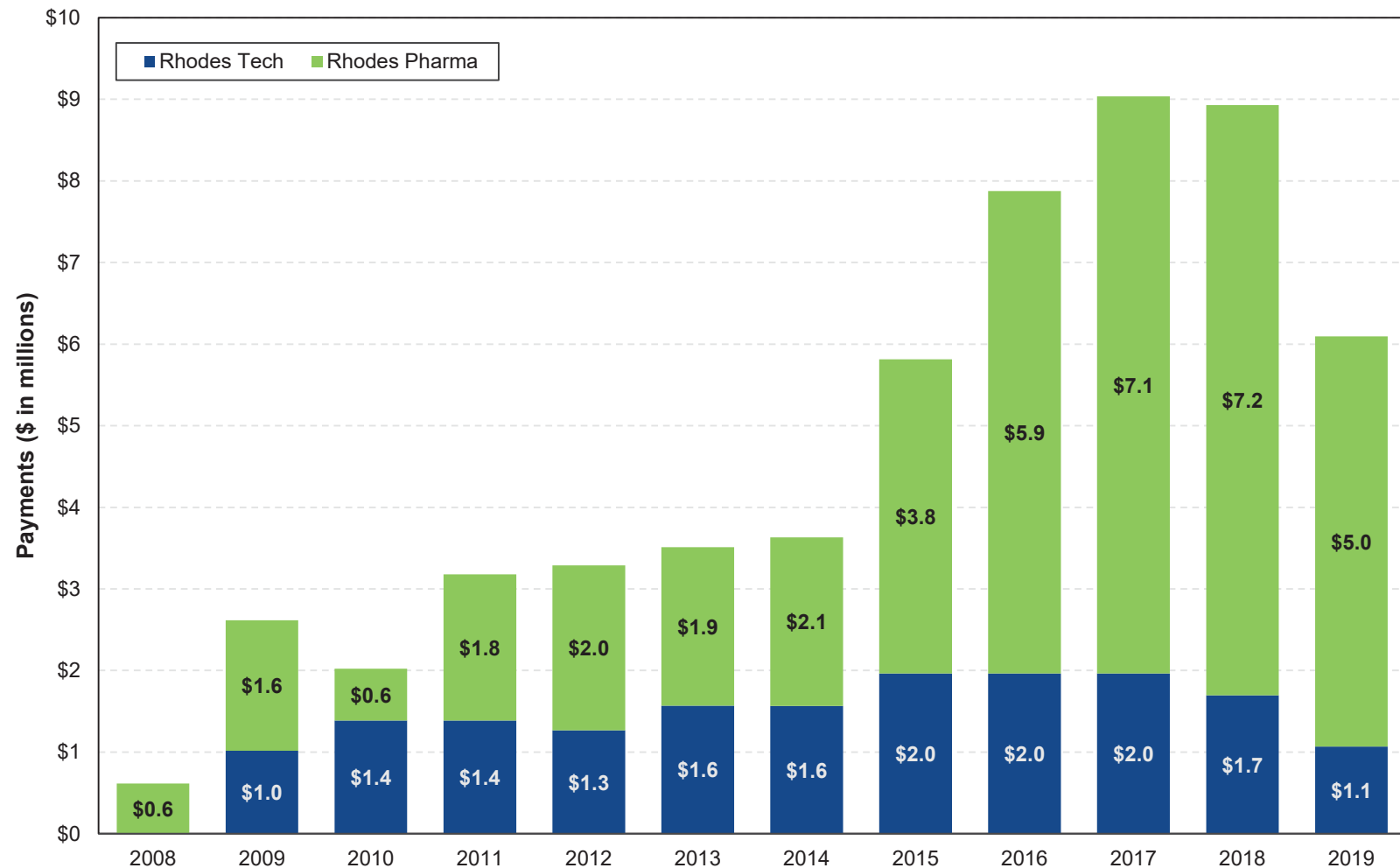
There was no formal agreement between PPLP and Rhodes related to Rhodes Shared Services and Expenses. However, budgets were prepared on an annual basis for the shared services portion of items charged to Rhodes by PPLP.

It is our understanding that PPLP received payments from Rhodes Tech and Rhodes Pharma after negotiations regarding the cost allocations; however, sufficient data is not available to analyze the allocation process.

Rhodes Shared Services do not include costs and expenses paid by PPLP that were charged to and reimbursed by Rhodes based on PPLP's actual costs ("Rhodes Pass-Through Expenses").

Transfers related to back-office administrative services appear to be reasonable, as such services are not integral to either Rhodes' or PPLP's operations, and as such, it would have been reasonable for PPLP to have charged for these at cost.

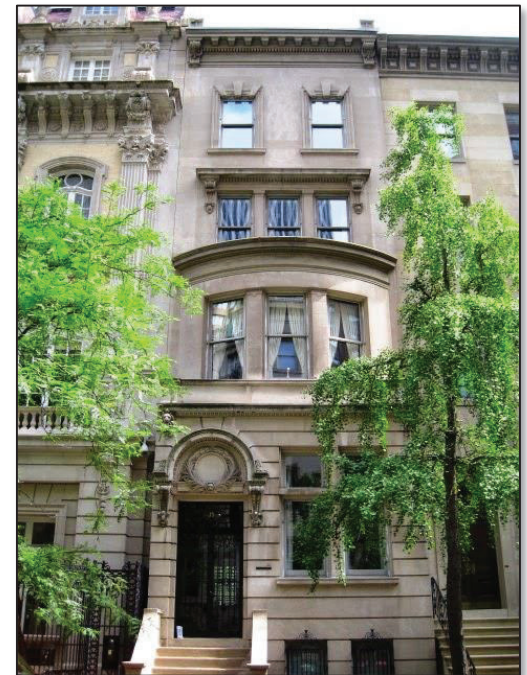
PPLP Received \$56.6MM from Rhodes Tech and Rhodes Pharma for Shared Services



Source: AlixPartners, Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 266.

Other: Rental Services and Office Space

Services Provided by Terramar to PPLP (1F)



PPLP Payments to The Terramar Foundation, Inc. (“Terramar”) for Office Space in New York City

On April 13, 1998, PPLP entered into a service agreement with Terramar for office space. Pursuant to this agreement, PPLP paid Terramar a total of \$22MM (\$1.5–2.5MM per year) from 2008 to 2018. PPLP paid Terramar a service fee equal to all costs and expenses plus a markup of 10%. The service agreement was terminated on July 1, 2018.

Based on a review of available materials, the benefits received by PPLP for the vast majority of these payments are unclear. As a result, PPLP paid Terramar an estimated \$22MM above arm’s-length payments from this transaction.

Terramar Office Space in New York City

The Terramar office space is located in New York City. It is owned by an IAC, E.R.G. Realty, Inc., a New York corporation ("ERG"), which leases the buildings to Terramar, a New York not-for-profit corporation. Terramar paid ERG an annual rent of \$425,000, or \$28/sq. ft.

As of June 2018, Stuart Baker was the sole Director of both ERG and Terramar.

PPLP and Terramar terminated the Service Agreement on July 1, 2018. At this time, PHLP signed a new Service Agreement with Terramar on similar terms and conditions and projected an annual payment of \$3.0MM. Terramar also increased its annual rent to ERG to \$900,000.

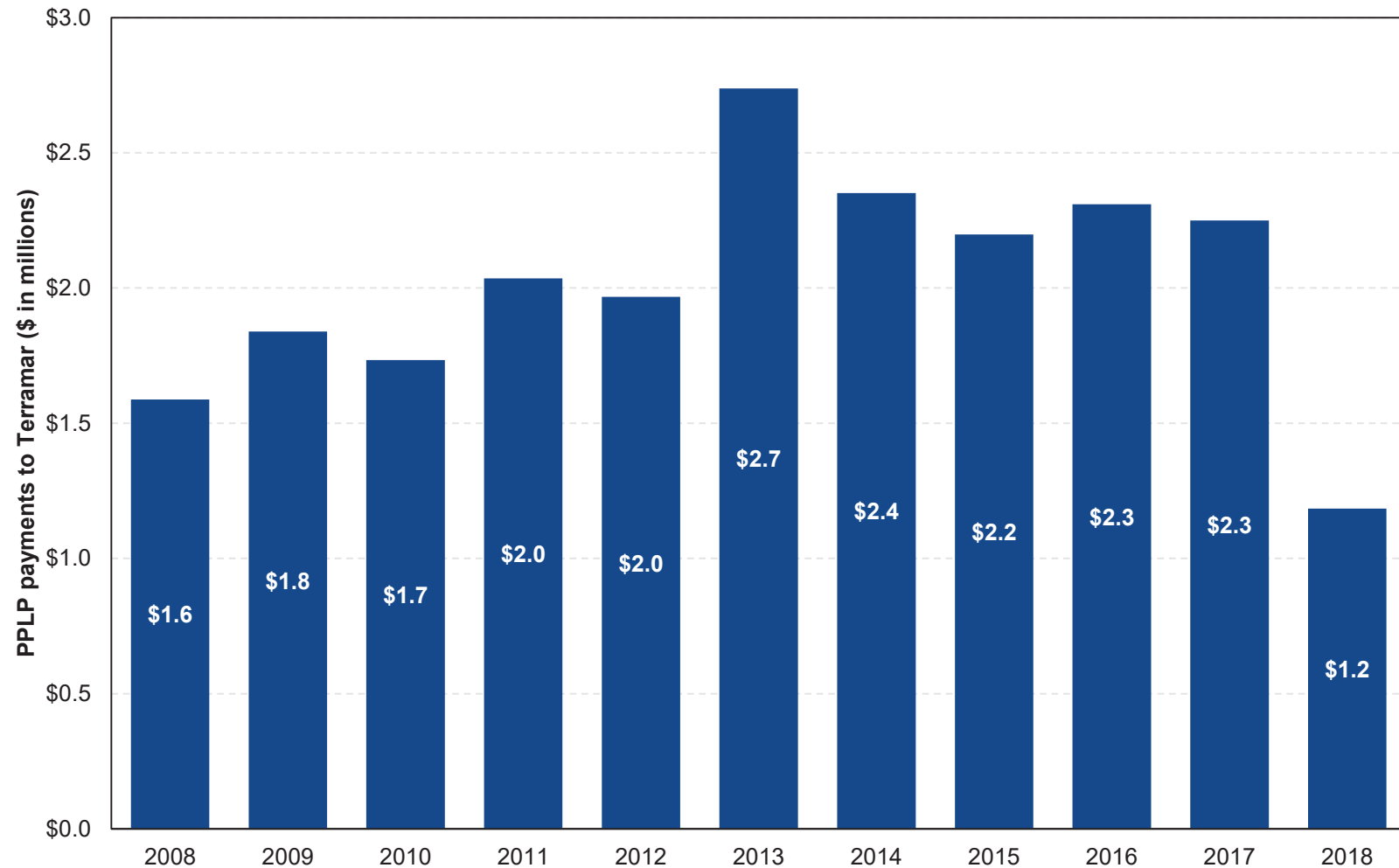
Services Provided by Terramar to PPLP

PPLP held infrequent and not regularly scheduled meetings at Terramar. Internal emails show an average of less than one meeting took place annually.

At least four Sackler family organizations used this office space. As of 2008, two of these organizations paid PPLP rental amounts of \$3,000–\$3,500 per month and two “charitable foundations” did not pay rent.

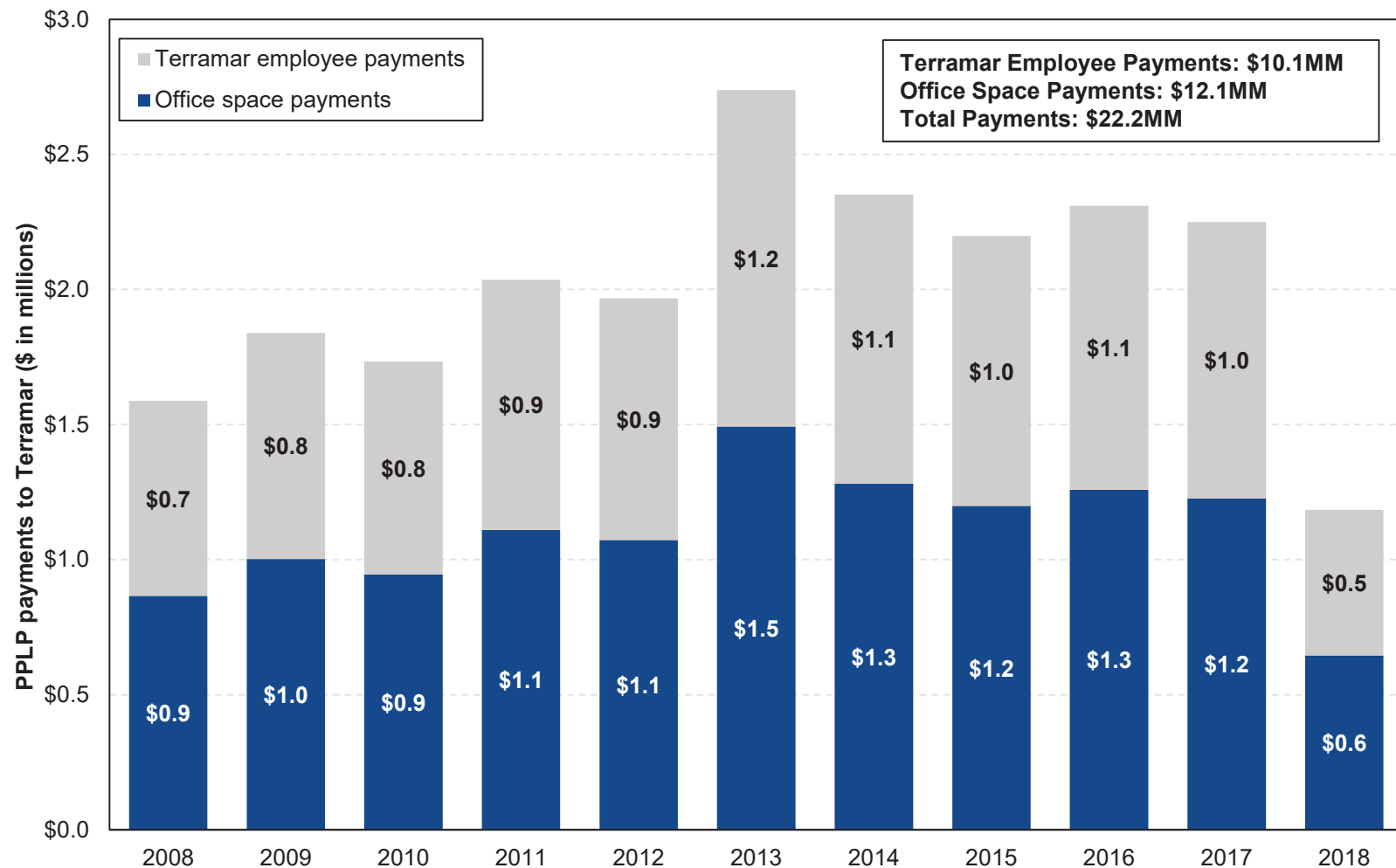
Note: In 2008, the Acorn Foundation and Moab Partners paid \$3,000 and \$3,500 per month respectively in rental payments to Terramar. The Sackler Lefcourt Center and the Sackler School did not pay rent “as they are charitable foundations.”
Source: The Terramar Foundation Inc. Documents Portfolio.

Total PPLP Payments to Terramar are \$22.2MM



Note: PPLP ended its contract with Terramar on July 1, 2018. There were no payments in 2019.
Source: Intercompany and Non-Cash Transfers Analysis (May 17, 2020), 112.

PPLP Payments to Terramar for Office Space Alone (Excl. Salaries) are \$12.1MM



Note: PPLP ended its contract with Terramar on July 1, 2018. There were no payments in 2019. Office space payments include all rent, utility, and operation costs, excluding Terramar employee salaries and employee expenses (travel). According to Terramar budget summaries, office space expenses accounted for 53% and 56% of total payments in 2016 and 2017, respectively. Using a weighted average of 55%, the amounts above show the portion of non- and office space expenses for 2008-2018.
Source: Intercompany and Non-Cash Transfers Analysis (May 17, 2020), 112. Terramar Foundation budget summaries (2016-2018).

Assume Five Days of PPLP Meetings at Terramar Per Year

From: [REDACTED] </O=PURDUE/OU=EXTERNAL
(FYDIBOHF25SPDLT)/CN=RECIPIENTS/CN=07F3E4F5F8F5451CAEFB5D8D77D51372>
Sent: Monday, September 28, 2015 12:17 PM
To: Roncalli, Anthony
Cc: Baker, Stuart
Subject: RE: [REDACTED]
Attachments: 20150928121646692.pdf

Tony,

2. I have attached floorplans of the occupied floors of the building (cellar not included) with the offices used by Purdue Directors and their assistants, as well as one conference room, hatched in green.
3. I spoke with [REDACTED] and we do not keep records of conference room usage. It is my recollection that there have been very few meetings held by Purdue Pharma L.P. during the last 10 years. The few meetings that were held there would have been hosted by Michael Friedman or John Stewart, who are no longer with Purdue. Mark Timney has not hosted a meeting at [REDACTED], but [REDACTED] recalls that there was one interview conducted at [REDACTED] when Mark was being considered for his current position.

Regards,

[REDACTED]

Excess Payments Are at Least \$22MM

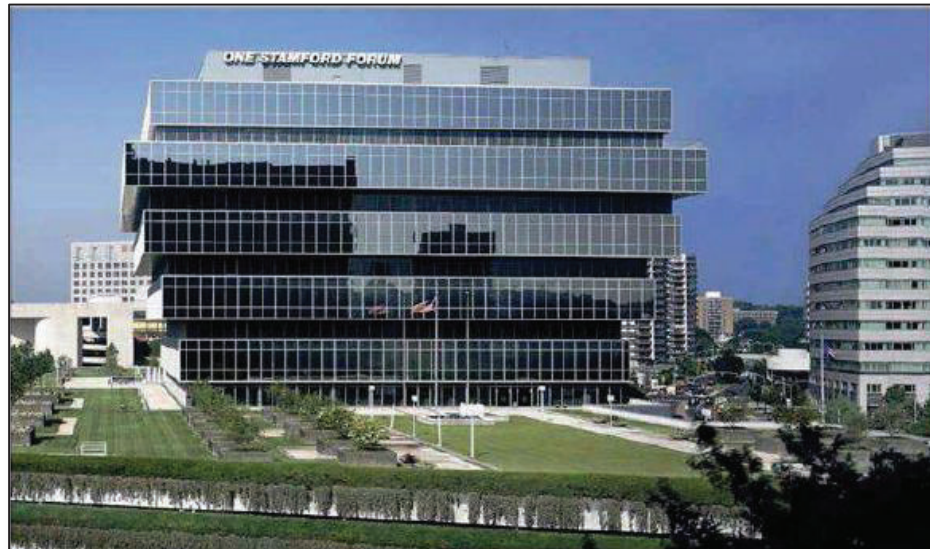
	Total PPLP Payments to Terramar	Office Space Payments	Office Space Payments, Limited to Five Meetings/Year	Potential Excess Amounts
	A	B	$C = B * (5 / 365)$	$D = A - C$
Pre-2013	\$9.2	\$5.0	\$0.1	\$9.1
Post-2013	\$13.0	\$7.1	\$0.1	\$12.9
Total	\$22.2	\$12.1	\$0.2	\$22.0

Note: Dollar amounts in millions. Office space payments include all rent, utility, and operation costs, excluding Terramar employee salaries and employee expenses (travel). According to Terramar budget summaries, office space expenses accounted for 53% and 56% of total payments in 2016 and 2017, respectively. Using a weighted average of 55%, the amounts above show the portion of non- and office space expenses for 2008-2018.

Source: Intercompany and Non-Cash Transfers Analysis (May 17, 2020), 112. Terramar Foundation budget Summaries (2016-2018). The Terramar Foundation Inc. Documents Portfolio.

Other: Rental Services and Office Space

Office Space at One Stamford (1B)



PPLP Payments to One Stamford Realty LLP

On April 6, 2006, PPLP entered into a lease agreement with One Stamford Realty L.P. (“OSR”) for office space at One Stamford Forum Stamford, CT (“OSF”). From 2008 to September 15, 2019, PPLP paid OSR a total of \$105MM of this office space, including \$87.1MM for rental payments and \$17.9MM for electric, real estate tax, operating expense, and administrative service payments.

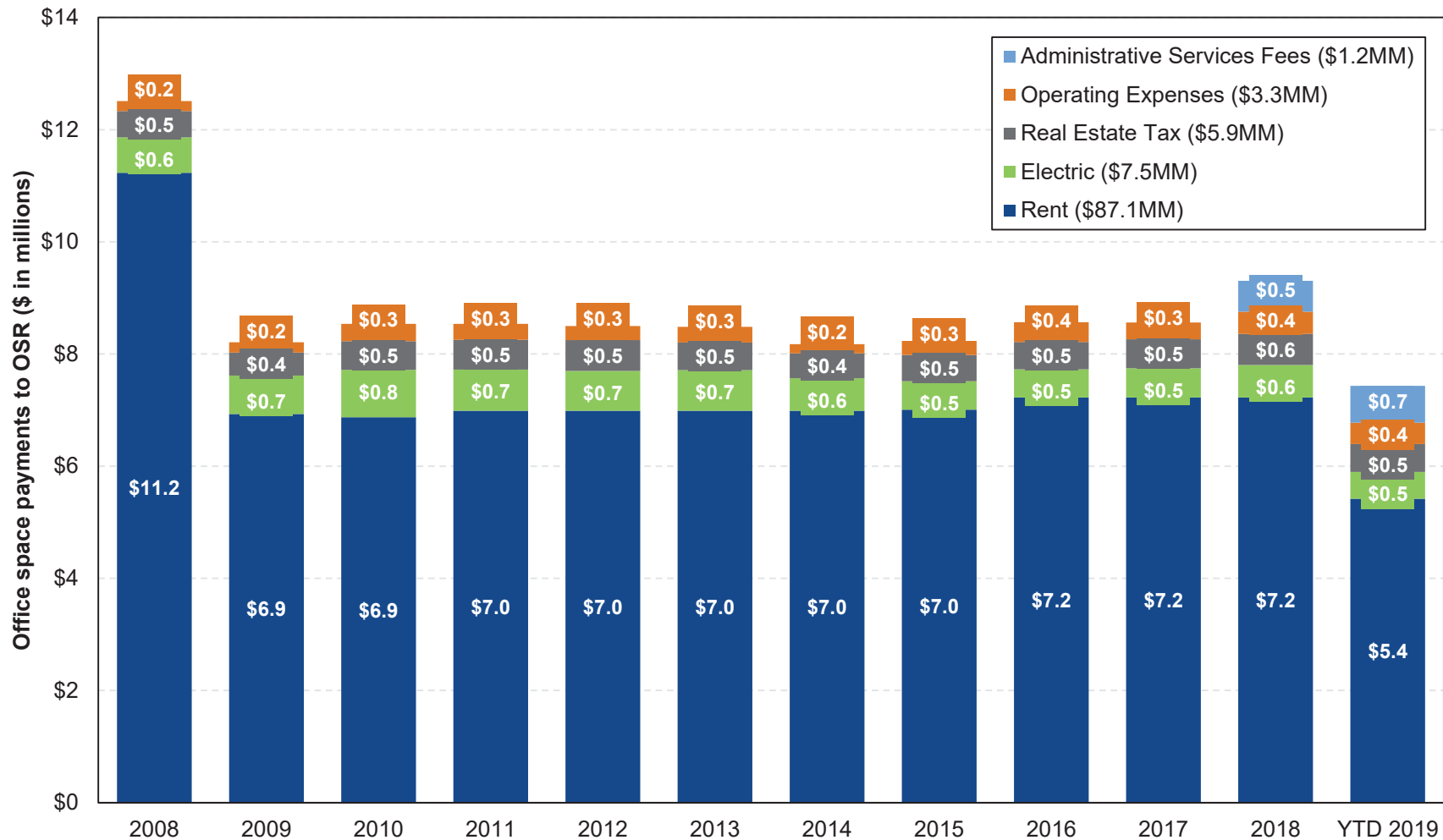
The lease payments by PPLP to OSR appear to be comparable to market rates. PPLP payments were proportionate to the amount of OSF it occupied. Based on 2006 expected payments, PPLP was expected to occupy ~33% of OSF, and it paid ~34% of the total lease and operating costs.

Location and Features of OSF



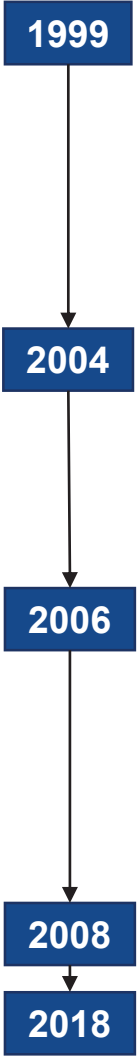
Source: Wells Fargo Commercial Mortgage Trust 2016-BNK1 Prospectus (Aug. 2016), 49 and 53.

Total PPLP Payments to OSR Are \$105MM Between 2008 and September 15, 2019



Note: Administrative services began on July 18, 2018 per a services agreement between PPLP and OSR. Electric, real estate tax, and administrative and operating expenses are based on a TXP analysis. AlixPartners needs to confirm the amounts with TXP.
Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 79.

Timeline of Events

- 
- 1999**
 - OSR is established as a special purpose entity to own, finance, and manage the OSF property, and it acquires the property for \$77MM
 - OSR raises a \$112MM mortgage
 - PPLP and OSR enter into a 20-year triple net lease, with an annual lease payment of \$10.8MM
 - 2004**
 - Following the loss of OxyContin market exclusivity, PPLP took measures to cut costs, including employee layoffs, and attempted to sub-lease the OSF property
 - However, the real estate market was “terrible” at the time, and it was difficult to find another tenant for the building
 - 2006**
 - OSR amends its lease with PPLP and enters into a 15-year lease with UBS for 55% of the OSF property
 - To close the deal, OSR pays UBS a \$29.6MM “signing bonus” (advanced by PPLP and subsequently repaid), and PPLP agrees to pay fees (i.e. broker fees) of \$10.5MM-11.5MM.
 - OSR raises a \$134MM mortgage
 - 2008**
 - UBS increases its lease to occupy 67% of the building
 - 2018**
 - On July 18, 2018, PPLP enters into a services agreement with OSR for additional facilities and administrative services

Source: PPLPUCC003733419, 1-5. Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 72-83.

PPLP Moved to One Stamford Forum in 1999

In December 1998, a decision was made to consolidate all of the Companies' employees located in Norwalk, Connecticut, within a 529,000 square foot office facility located in downtown Stamford, Connecticut. Purdue Realty L.P., an associated company, purchased the Stamford property on March 26, 1999 for \$77 million. Additionally, the Companies will sell or lease all of the buildings owned by the Companies in Norwalk, Connecticut and vacate the leased premises.

PPLP entered into a 20-year operating lease with Purdue Realty L.P. on July 23, 1999 for a monthly rental of \$0.9 million. The Companies incurred building operating costs of \$1.4 million following the beginning of this lease. All of the Companies other than PPLP, Purdue Neuroscience Corporation, Purdue Neuroscience L.P., Purdue Neuroscience Inc., Delphian Technology L.P., and Purdue Neuroscience Company, have guaranteed PPLP's obligations under the lease. It is expected that the building will be occupied commencing in June 2000, after Purdue Realty L.P. has completed structural renovations and fit-out of the building which has been budgeted to be \$35 million. Annual operating costs exclusive of the lease payment in 2000 are estimated to be \$3.8 million. The costs of physically moving from the Norwalk facilities and testing the computer systems in the Stamford building are estimated to be \$2.3 million. These costs will be charged to operations in 2000.

Additional impairment charges are expected to be recorded as the buildings presently being used by the Companies are vacated as part of the planned consolidation of employees in downtown Stamford, Connecticut and the properties become held for sale or the leases are terminated. If all Norwalk properties were classified as "held for sale" and leases were terminated as of December 31, 1999, the additional impairment charges at December 31, 1999 would have been approximately \$2.1 million for owned properties and \$0.8 million for leased properties, respectively.

1999 Triple Net Lease Agreement Between PPLP and OSR Appears to be Comparable to Market Rates

PPLP and OSR entered into 20-year triple net lease agreement in 1999.

- PPLP to pay a monthly lease payment of \$0.9MM or annual lease payment of \$10.8MM or \$20.42 per square foot (“SF”)
- PPLP’s annual operating cost in 2000 was expected to be \$3.8MM or a combined \$27.60 per SF (using 529,000 square footage)

Market conditions in 1999:

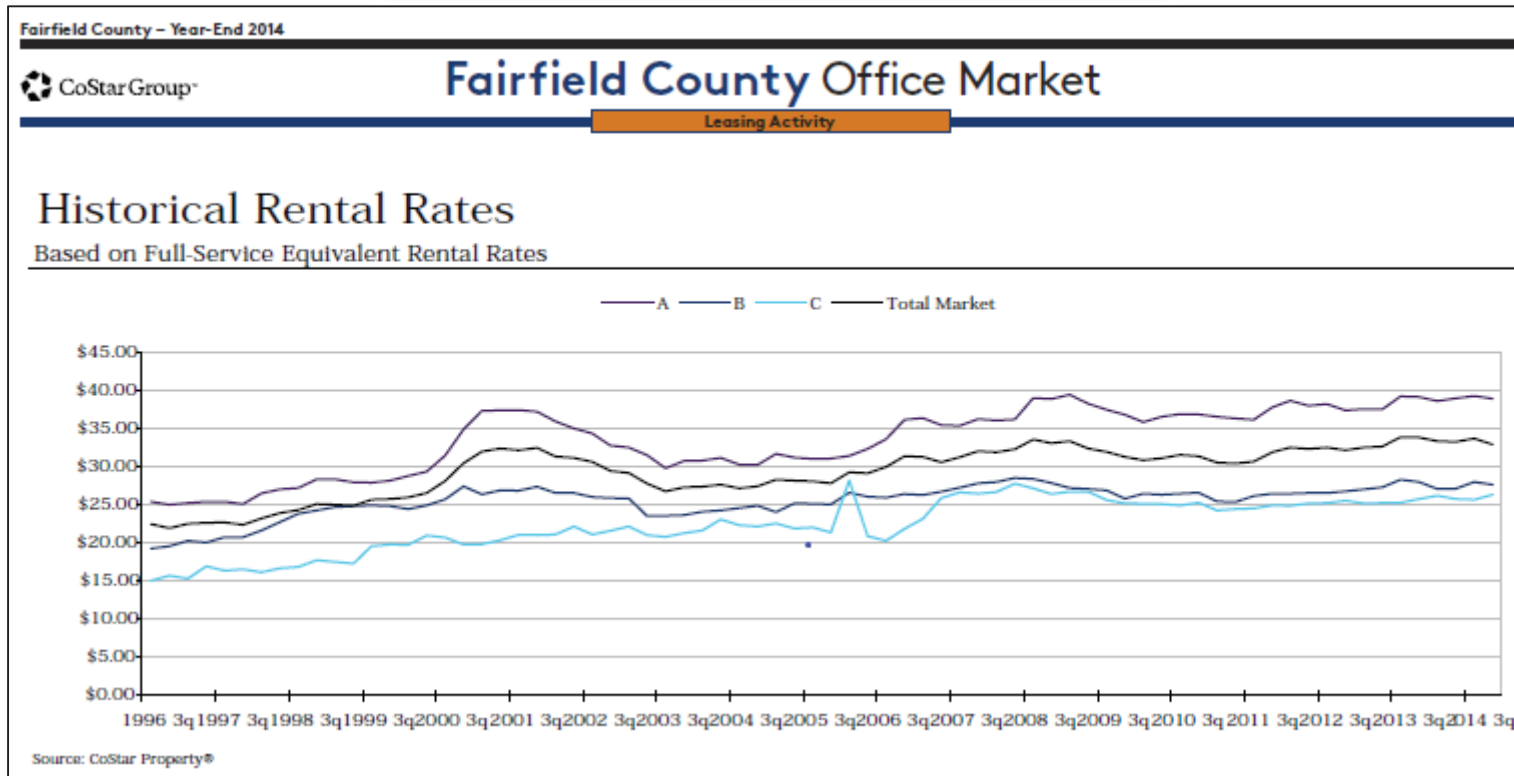
- Fairfield County Class A full service rental rates were \$28.07 per SF in 1999
- Cushman & Wakefield stated a new building could lease in mid-\$30s per SF
- Vacancy rate for similar properties at a 10-year low of about 6%
 - At the time, a similar sized property was not available
 - Few tenants with need for 100,000 to 300,000 square feet of office space

Note: In a triple net lease, the tenant pays property taxes, building insurance, and cost of maintenance and repair—in addition to the lease and utilities. Full service rental rates include operating expenses.

Source: PPLP 1999 Audited statements, 12. New York Times, “In the Region /Connecticut; Drug Maker Buys Vacant GTE Building in Stamford,” April 18, 1999. Fairfield County Office Market “The CoStar Office Report: Year-End 2014,” 10.

Fairfield County Rental Rates

The CoStar Office Report Year-End 2014 Fairfield County Office Market



Note: Full service rental rates include operating expenses.

Source: Fairfield County Office Market "The CoStar Office Report: Year-End 2014," 10.

August 6, 2006 Lease Arrangement Between PPLP and OSR Shows Rental, Electric, Tax and Operating Expense Payments

LEASE, dated as of April 6, 2006 (as may be amended, modified or supplemented from time to time, this "Lease"), between ONE STAMFORD REALTY L.P., a Delaware limited partnership, whose address is One Stamford Forum, 201 Tresser Boulevard, Stamford, Connecticut 06901 ("Landlord"), and PURDUE PHARMA L.P., a Delaware limited partnership, whose address is One Stamford Forum, 201 Tresser Boulevard, Stamford, Connecticut 06901 ("Tenant");

W I T N E S S E T H

WHEREAS, Landlord is willing to lease to Tenant and Tenant is willing to hire from Landlord, on the terms and conditions hereinafter set forth, certain space in the office building located at One Stamford Forum, Stamford, Connecticut (the "Building") on the land more particularly described in Exhibit A (the "Land"); the Land and the Building are collectively called the "Project";


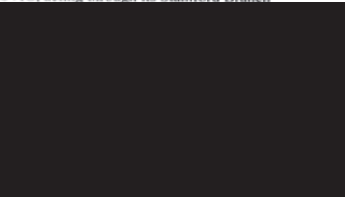

NOW, THEREFORE, Landlord and Tenant agree as follows:

1.01 Demise. (a) Landlord hereby leases to Tenant and Tenant hereby hires from Landlord, subject to the terms and conditions of this Lease, the P-1 floor (including but not limited to the data centers), the P-2 floor, the P-3 floor, the plaza floor, the 4th floor, the 5th floor, the 6th floor, the 7th floor, the 8th floor, the 9th and 10th floors of the Building (collectively, the "Premises"), substantially as shown on the plans thereof attached hereto as Exhibit B.

2.03 Additional Rent. "Additional Rent" means Tax Payments, Operating Payments and all other sums of money at any time payable by Tenant under this Lease, all of which Additional Rent shall be deemed to be rent.

2.07 Electric Charges. (a) Tenant's demand for, and consumption of, electricity for the Premises shall be determined by meter or meters installed by Landlord on or before the Commencement Date. Tenant shall pay for electric consumption within 30 days after rendition of a bill therefor (but in no event more than 15 days before Landlord's payment for the applicable period is due to the public utility), which bill shall reflect the aggregate charge for electricity for the Premises, as determined by or on behalf of Landlord separately for each meter.

On May 3, 2006, UBS Agreed to Lease the 6th, 7th, and 8th Floors at OSF

	UBS AG Stamford Branch 677 Washington Boulevard Stamford, CT 06901 Telephone 203 719-3000 www.ubs.com
May 3, 2006	
<i>By Overnight Courier</i>	
One Stamford Realty L.P. One Stamford Forum 201 Tresser Boulevard Stamford, Connecticut 06901 Attention: Edward B. Mahony	
Re: One Stamford Forum, Stamford, Connecticut	
Dear Mr. Mahony:	
<p>Reference is made to the Lease, dated as of December 30, 2005, between One Stamford Realty L.P., as landlord ("Landlord"), and UBS AG, acting through its Stamford Branch, as tenant ("UBS"), with respect to portions of the building located at One Stamford Forum, Stamford, Connecticut (the "Lease"). All capitalized terms used but not otherwise defined in this letter shall have the meanings ascribed to them in the Lease.</p> <p>This letter constitutes an "8th Floor Election Notice" under Section 1.01(a) of the Lease. UBS hereby notifies Landlord that UBS desires to include the 8th floor of the Building in the Premises initially demised under the Lease. As a result thereof:</p> <ol style="list-style-type: none">1. Phase 3 of the Premises shall consist of the 7th and 8th floors of the Building with a Scheduled Commencement Date of April 1, 2008.2. Phase 4 of the Premises shall consist of the 6th floor of the Building with a Scheduled Commencement Date of May 4, 2007. <p style="text-align: right;">Very truly yours, UBS AG, acting through its Stamford Branch</p> <p>By: </p> <p>By: </p> <p>Cc: One Stamford Realty L.P. (By overnight courier) One Stamford Forum 201 Tresser Boulevard Stamford, Connecticut 06901 Attention: Howard R. Udell</p> <p style="text-align: right; font-size: small;">P:\One Stamford Forum 8th Floor Election Notice 05-03-06.doc</p>	

Source: Intercompany and Non-Cash Transfers Analysis (May 28, 2020), 75.

Auditors Draft Opinion: 2006 UBS Market Lease Was a Reasonable Outcome

DRAFT

Purdue Pharma LP and Associated Companies
Year ended December 31, 2005
FIN 46 Considerations

Background

For over 10 years, we have been engaged to audit the combined financial statements of a group of companies beneficially owned by families of Raymond and Mortimer Sackler. The companies included in the combined financial statements (referred to as "Companies") are specified in borrowing agreements with banks and other lenders. The largest company in the borrowing group is Purdue Pharma LP ("PPLP"). The Companies are involved with the manufacture and distribution of pharmaceutical products.

OSR agreed to amend the triple net lease, pay the sign on bonus (\$29.6 million), and pay the TI (\$13.2 million including the 8th floor), in exchange for PPLP signing a market lease and paying rent up to the date that UBS begins to pay rent. Considering that the alternative was for PPLP to pay all these costs and risk not being able to find a sub tenant who would be comfortable with PPLP credit, this appears to be a reasonable outcome for Purdue.

Based on Expected Payments, PPLP Was Expected to Occupy 33% of OSF and Paid 34% of Total Lease and Operating Costs Over the Lease

Year	Minimum Lease Payments Under UBS Lease	UBS Payments as % of Yearly Total	Minimum Lease Payments Under PPLP Lease	PPLP Payments as % of Yearly Total	Total Payments
2006	\$0.5MM	3%	\$18.6MM	97%	\$19.1MM
2007	\$5.9MM	31%	\$13.2MM	69%	\$19.1MM
2008	\$7.9MM	41%	\$11.3MM	59%	\$19.2MM
2009	\$12MM	62%	\$7.2MM	38%	\$19.2MM
2010	\$12.3MM	64%	\$6.9MM	36%	\$19.2MM
Thereafter	\$143.3MM	67%	\$71.1MM	33%	\$214.4MM
Total Lease Payments	\$182MM	59%	\$128.3MM	41%	\$310.3MM
Total Operating Payments	\$95.8MM	84%	\$17.6MM	16%	\$113.4MM
Total Lease + Operating Payments	\$277.8MM	66%	\$145.9MM	34%	\$423.7MM

Note: These lease amounts are expected payments from a June 2006 board discussion, but they tie closely to the \$87MM in rent that AlixPartners found.
Source: PPLPUCC003733419, 1-5.

Lease Arrangement Between PPLP and OSR Appears to be Comparable to Market Rates

Annual rent of OSF in 2016:

- UBS: \$44.47 per sq. foot (\$15.0MM for 337,456 sq. foot)
- PPLP: \$43.26 per sq. foot (\$7.224MM for 167,015 sq. foot)

Market conditions in 2016:

- OSF located in the broader Stamford Central Business District Office Market
 - Includes approximately 9.7 million SF of office space with a vacancy of 23.8% and an average rent per SF of \$43.55 as of the first quarter of 2016.
- Within the submarket of 13 Class A office buildings containing approximately 3.7MM SF (inclusive of the OSF Property)
 - Overall vacancy of 8.6% at an average base rent of \$51.21 per SF as of the Q1 2016

PPLP and UBS Rental Rates are Comparable

Free Writing Prospectus Collateral Term Sheet
\$870,557,680
(Approximate Aggregate Cut-off Date Balance of Mortgage Pool)
Wells Fargo Commercial Mortgage Trust 2016-BNK1
as Issuing Entity
Wells Fargo Commercial Mortgage Securities, Inc.
as Depositor
Wells Fargo Bank, National Association
Bank of America, National Association
Morgan Stanley Mortgage Capital Holdings LLC
as Sponsors and Mortgage Loan Sellers
Commercial Mortgage Pass-Through Certificates
Series 2016-BNK1

ONE STAMFORD FORUM

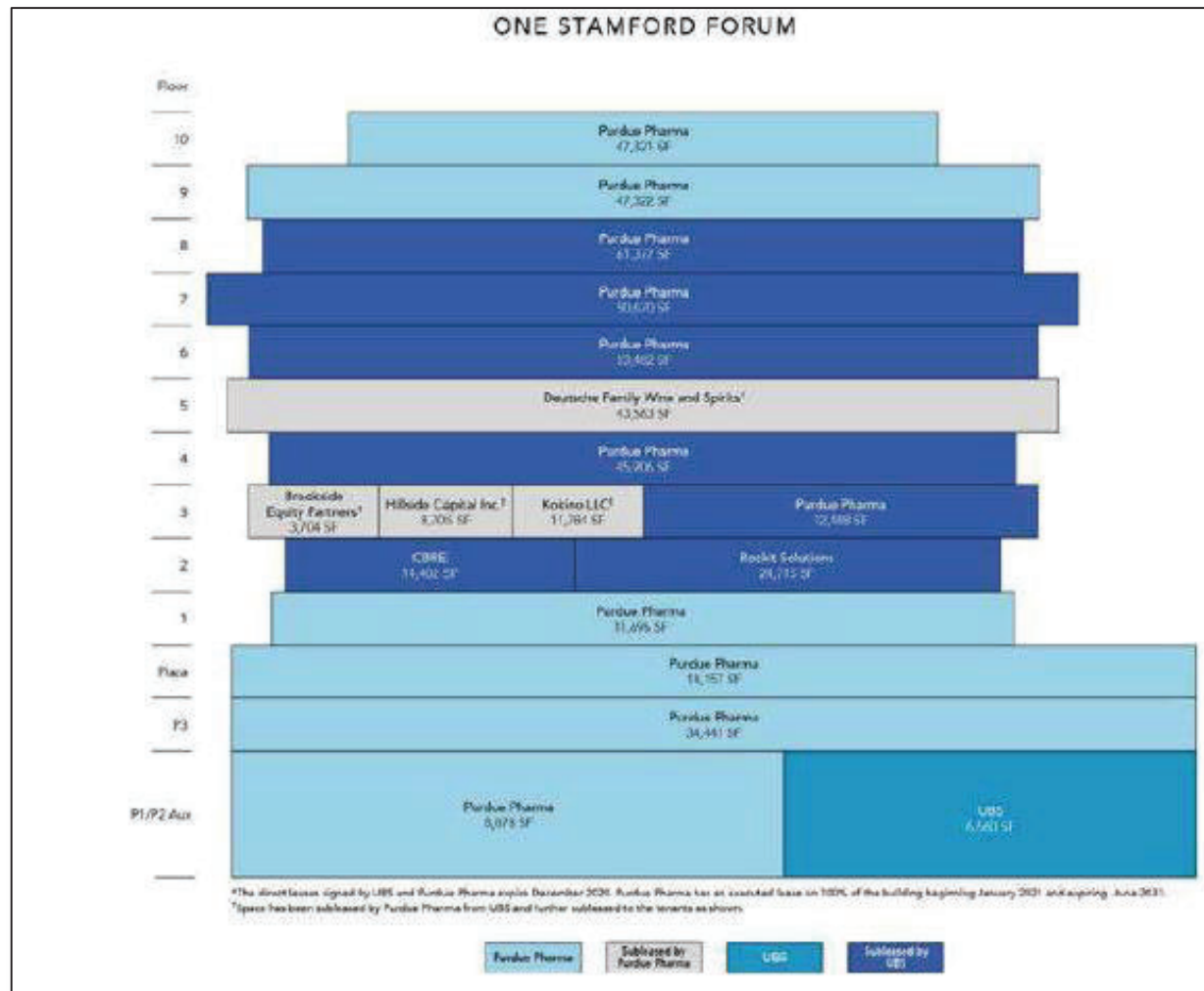
The following table presents certain information relating to the tenancy at the One Stamford Forum Property:

Major Tenants

Tenant Name	Credit Rating (Fitch/Moody's/ S&P)	Tenant NRSF	% of NRSF	Annual U/W Base Rent PSF	Annual U/W Base Rent	% of Total Annual U/W Base Rent	Lease Expiration Date
UBS ⁽¹⁾	A/Ba1/A-	337,456	66.9%	\$44.47	\$15,005,700	67.5%	12/31/2020
Purdue Pharma ⁽²⁾	NAP/NAP/NAP	167,015	33.1%	\$43.26	\$7,224,325	32.5%	12/31/2020 ⁽³⁾
Vacant Space		0	0.0%				
Collateral Total		504,471	100.0%				

Source: Wells Fargo Commercial Mortgage Trust 2016-BNK1 Prospectus (Aug. 2016), 59.

Tenants of OSF as of 2015



Color code:

PPLP

**Subleased by
PPLP**

UBS

**Subleased by
UBS**

Source: Wells Fargo Commercial Mortgage Trust 2016-BNK1 Prospectus (Aug. 2016), 51.

PPLP Entered Into a Services Agreement With OSR for Additional Facilities and Administrative Services on July 18, 2018

Services Agreement

Facilities and Administrative Services

One Stamford Realty L.P. ("OSR") and Purdue Pharma LP ("PPLP")

This Services Agreement ("Services Agreement") is entered into by and between OSR and PPLP and shall be effective as of July 1, 2018 ("Services Agreement Effective Date").

RECITALS

WHEREAS, OSR has provided and continues to provide certain services to PPLP and its subsidiaries related to the One Stamford Forum property (as defined in the Lease) pursuant to that certain Lease dated as of April 6, 2006 between OSR and PPLP (as amended) (the "Lease") and PPLP compensates OSR for those services in accordance with the provisions of the Lease; and

WHEREAS, PPLP has requested that OSR provide certain additional facilities and administrative services (collectively, the "Services") to PPLP and its subsidiaries as set forth in this Services Agreement and on Exhibit 1 attached hereto and made a part hereof.

Compensation: OSR's fee for services performed under this Services Agreement shall be comprised of an annual fixed fee (the "Fixed Fee") representing the amount payable for "Fixed Fee Services" (as set forth in Exhibit 1) provided in a given calendar year. The Fixed Fee will be billed quarterly in advance in equal installments and paid 15 days before the start of the quarter. The Fixed Fee for 2019 is \$904,000 and the quarterly billing for 2019 is \$226,000.

The Fixed Fee in 2020 shall be equal to the Fixed Fee for 2019 year increased by 2% provided (i) PPLP is still a tenant in One Stamford Forum and (ii) there have been no material changes at the senior staff level at OSR. In the event the conditions of items (i) or (ii) change in 2020 or before, the parties will renegotiate the Fixed Fee for 2020 and execute a written amendment to this Services Agreement detailing the revised services to be performed and the cost for such services. The Fixed Fee in 2021 and thereafter will be determined as set forth below. For the avoidance of doubt, the fee for services from Services Agreement Effective Date to December 31, 2018 have been fully paid by PPLP and OSR.

Source: Interparty and Non-Cash Transfers Analysis (May 28, 2020), 77-78.

PPLP and OSR Entered Into a New Services Agreement in June 2019

According to an August 8, 2019 Transaction Committee meeting, PPLP and OSR entered into a new services agreement executed in June 2019.

Parties	Type of Agreement	Reason for Termination
Purdue Pharma LP – One Stamford Realty LP	Administrative services	New services agreement executed in June 2019

Source: IAC Agreements for Transaction Committee Review (August 8, 2019 Meeting), 10.

Other: Rental Services and Office Space

E.R.G. Realty Inc. Principal and Interest Payments to PPLP for a Loan (1O)

E.R.G. Realty Inc. (“ERG”) Payments to PPLP for a Loan

On October 1, 2010, PPLP extended an outstanding \$3.35MM loan to ERG (an IAC) through 2020 at a 3.28% interest rate. PPLP had initially loaned \$4.75MM to ERG in 2000 at a 6% interest rate. ERG paid off the loan in 2018.

From 2008 to 2018, ERG paid PPLP a total of \$5.1MM, including \$1.29MM in interest. The 3.28% interest rate is consistent with the long-term Applicable Federal Rate for October 2010 published by the IRS, and thus is consistent with an arm’s-length interest rate.

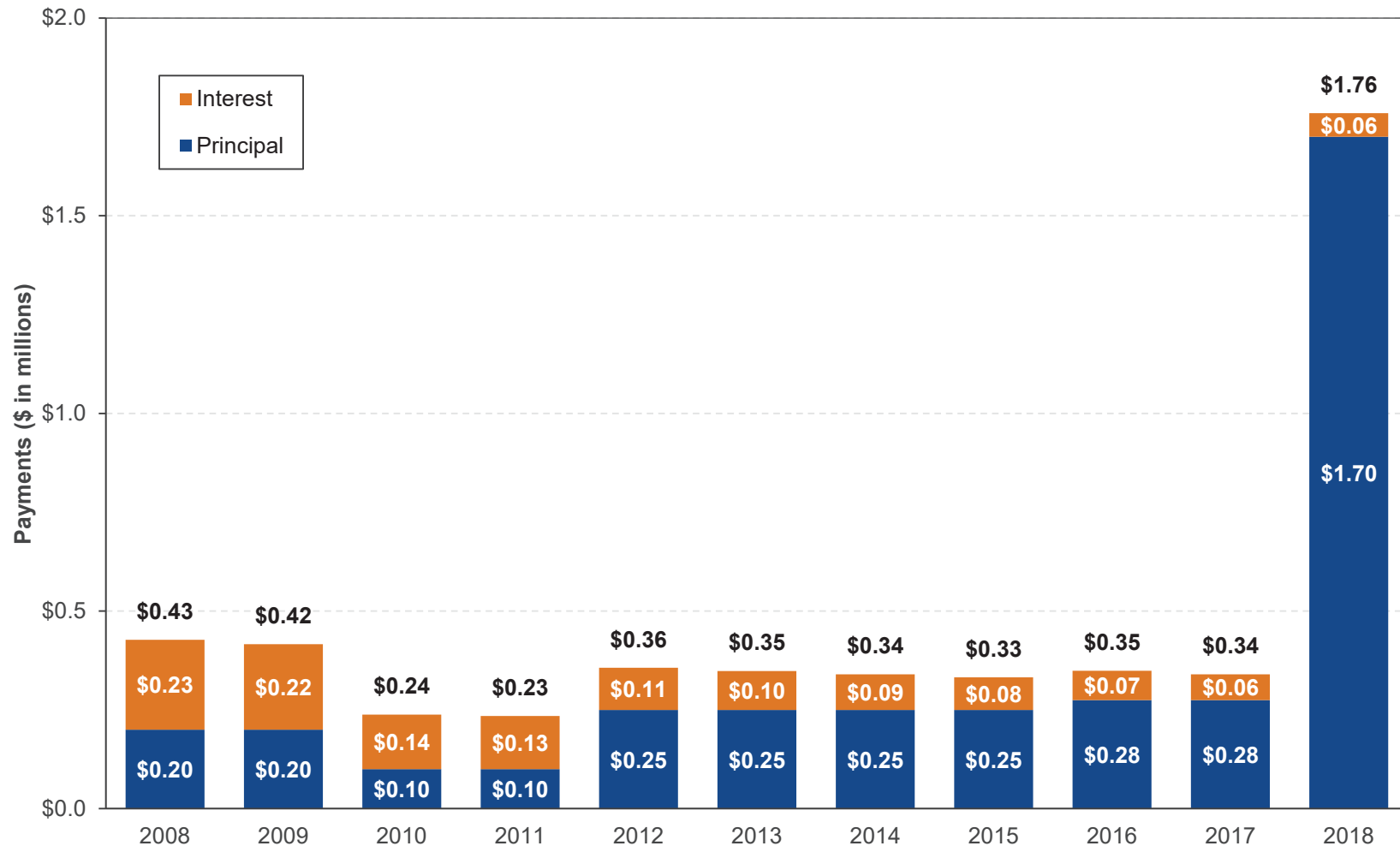
ERG Loan and Terms

On October 1, 2010, PPLP extended an outstanding \$3.35MM loan to ERG through 2020 at a 3.28% interest rate.

PPLP has a receivable from ERG Realty Inc. ("ERG"), an independent associated company, which represents a loan to cover renovations to ERG's land and buildings in New York City. The loan, which bears interest payable quarterly at 6% per annum matured on September 30, 2010. On October 1, 2010, the loan was refinanced. The refinanced loan, which bears interest payable quarterly at 3.28% per annum, matures on September 30, 2020. The balance outstanding at December 31, 2010 and 2009 was \$3.4 million and \$3.5 million, respectively.

PPLP initially loaned \$4.75MM to ERG in 2000 at a 6% interest rate. ERG paid off the loan in 2018.

ERG Paid PPLP \$5.1MM, Including \$1.29MM in Interest from 2008 to 2018



Source: Intercompany and Non-Cash Transfers Analysis (May. 28, 2020), 194.

Interest Rate Charged Was Consistent With Transfer Pricing Regulations

Under the Safe Haven rates described in the transfer pricing regulations, this would be consistent with an arm's-length rate. The 3.28% interest rate is consistent with the long-term Applicable Federal Rate ("AFR") for October 2010 published by the IRS.

- Interest rate within the 100%/130% range of 3.27% to 4.24% for October 2010

Source: Internal Revenue Service, "Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property: Part 1 Section 1274," available at <https://www.irs.gov/pub/irs-drop/rr-10-24.pdf>, 26 CFR 1.482-2(a)(2)(iii)(C)(3) allows a taxpayer to set the interest rate on a related-party loan between 100% and 130% of the long-term AFR.

Additional Details

Methodology Used in Evaluating Transfers

- Evaluate context and commercial reasonableness of intercompany transactions as a predicate for assessing value:
 - Identify business purpose, if any, of the transactions
 - For related party transactions involving intellectual property (“IP”), analyze which related party was responsible for developing the IP
 - Evaluate whether IACs were using any other IP owned or developed by PPLP, for which the IACs were not paying royalties
- Basis of value:
 - Fair market value or arm’s-length price (often a range)
- Analytical methodologies for determining market values:
 - Comparable transactions or comparable companies
 - Profit split analysis or other financial analysis
 - Discounted cash flow analysis
 - Statistical/regression analysis

Sources of Information

- Company materials
 - Audited financial statements
 - Board documents
 - Internal documents and communications
 - Mundipharma financial information
 - Horst Frisch transfer pricing reports
- Independent research and analysis
- Commercial databases for financial information, pharmaceutical sales, and IP license terms
- Data in public domain (regulatory filings, industry reports)
- Information gathered from Purdue employees
- Analysis is subject to change as new information becomes available

Individuals Interviewed for Bates White's Analysis

Title	Company	Topic
Executive Vice President and Chief Financial Officer	PPLP	Intercompany transfers
Senior Vice President, IP Law and Public Health Initiative	PPLP	Royalties and IP
Executive Director, Treasury	PPLP	Intercompany transfers, forecasts for MS Contin, Dilaudid, and MSER
Associate Director, R&D and Medical Affairs FP&A	PPLP	Mundipharma EDO GmbH
Associate Director, SG&A Finance	PPLP	PPTI for EHS, security charges, and audit services, and TXP Services
Vice President, Corporate Law and Assistant Corporate Secretary	PPLP	Various topics
Vice President, Technical Operations	PPLP	Supply chain (API), CMO
Chief Technical Operations Officer	PPLP	Global supply chain
Associate Director, Finance	PPLP	Supply chain (API), CMO
Associate Director, Accounting and Financial Reporting	PPLP	Royalties
Executive Director, Licensing & Business Development	Imbrium Therapeutics	Adhansia asset sale
Partner	Norton Rose	Intercompany transfers (royalties, equity transfers)
Partner	Norton Rose	Intercompany transfers (royalties, equity transfers)
Executive Medical Director	Imbrium Therapeutics	Mundipharma EDO GmbH
Director, Regulatory Affairs	Imbrium Therapeutics	Mundipharma EDO GmbH
Executive Director, Marketing	PPLP	Mundipharma EDO GmbH

PPLP Background

PPLP Company Background

- PPLP is a privately-held pharmaceutical company based in Stamford, CT
- PPLP's history extends back decades, but its first major products did not enter the market until the early 1980s
- Its major products were developed by taking existing chemical ingredients and making them into extended-release medications
- OxyContin is, by far, the highest earning drug product in Purdue's portfolio
- PPLP's other products include (among others):
 - Hysingla, an extended-release opioid product
 - BuTrans, an in-licensed product that delivers buprenorphine in a transdermal patch
 - Senokot, an over-the-counter constipation product; and Betadine, an antiseptic

List of Approved PPLP Products

Product Name	Approval Year	Expiration
ADHANSIA XR	2019	2035
BUTRANS	2010-2014	Potentially expired
CHIROCAINE	1999	Discontinued
HYSINGLA	2014	2031
INTERMEZZO	2011	Discontinued
MS CONTIN	1987	Unknown
OXYCONTIN	2010	2023-2030
PALLADONE	2004	Discontinued
RYZOLT	2008	Discontinued
TARGINIQ	2014	Discontinued

Product Information

US market

Non-ADF OxyContin (Oxycodone Hydrochloride Controlled-Release) Oral Tablets

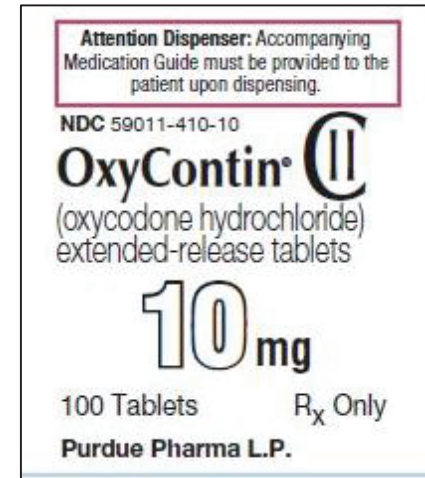
- Company: Purdue Pharma LP
- NDA: 020553
- Approval date: December 21, 1995
- Active ingredients: oxycodone hydrochloride
- Dosage form and route: Controlled-release tablets
- Strengths: 10mg, 20mg, 40mg, 80mg
- Indicated “for the management of moderate to severe pain where use of an opioid analgesic is appropriate for more than a few days.”



Source: Center for Drug Evaluation and Research, "Approval Package for: NDA 20-553/S-002", December 1996, *available at* https://www.accessdata.fda.gov/drugsatfda_docs/nda/96/020553s002.pdf; U.S. Food and Drug Administration, Drugs@FDA: FDA-Approved Drugs.

ADF OxyContin (Oxycodone Hydrochloride Extended-Release) Oral Tablets

- Company: Purdue Pharma LP
- NDA: 022272
- Approval date: April 5, 2010
- Approval of abuse-deterrent properties: April 16, 2013
- Active ingredients: oxycodone hydrochloride
- Dosage form and route: Extended-release tablets
- Strengths: 10mg, 15mg, 20mg, 30mg, 40mg, 60mg, 80mg
- Indicated “for the management of pain severe enough to require daily, around the-clock, long-term opioid treatment and for which alternative treatment options are inadequate in:
 - Adults; and
 - Opioid-tolerant pediatric patients 11 years of age and older who are already receiving and tolerate a minimum daily opioid dose of at least 20 mg oxycodone orally or its equivalent.”



Source: U.S. Food and Drug Administration, Orange Book Approved Drug Products with Therapeutic Equivalence Evaluations; U.S. Food and Drug Administration, available at <https://www.accessdata.fda.gov/scripts/cder/daf/index.cfm?event=overview.process&varAppNo=022272>. U.S. Food and Drug Administration Label Search, available at https://www.accessdata.fda.gov/drugsatfda_docs/label/2019/022272s043lbl.pdf.

MS Contin (Morphine Sulfate Extended-Release) Oral Tablets

- Company: Purdue Pharma L.P.
- NDA: 019516
- Approval date: May 29, 1987
- Active ingredients: morphine sulfate
- Dosage form and route: Extended-release tablets
- Strengths: 15mg, 30mg, 60mg, 100mg, 200mg
- Indicated “for the management of pain severe enough to require daily, around-the-clock, long-term opioid treatment and for which alternative treatment options are inadequate.”



Source: U.S. Food and Drug Administration, Orange Book Approved Drug Products with Therapeutic Equivalence Evaluations, available at https://www.accessdata.fda.gov/scripts/cder/ob/results_product.cfm?Appl_Type=N&Appl_No=019516#18580. U.S. Food and Drug Administration Label Search, available at https://www.accessdata.fda.gov/drugsatfda_docs/label/2016/019516s049lbl.pdf

Butrans AG (Buprenorphine) Transdermal System

- Company: Rhodes Pharmaceuticals L.P.
- NDA: 021306
- First approval date: June 2010
- Active ingredients: buprenorphine
- Dosage form and route: film, extended release, transdermal
- Strengths: 5, 7.5, 10, 15, and 20 mcg/hour
- Indicated “for the management of pain severe enough to require daily, around-the-clock, long-term opioid treatment and for which alternative treatment options are inadequate.”



Source: U.S. Food and Drug Administration, Orange Book Approved Drug Products with Therapeutic Equivalence Evaluations; U.S. Food and Drug Administration, Drugs@FDA: FDA-Approved Drugs. U.S. Food and Drug Administration Center for Drug Evaluation and Research Application Number 21-306 Summary Review.

Dilaudid (Hydromorphone Hydrochloride) Oral Solution

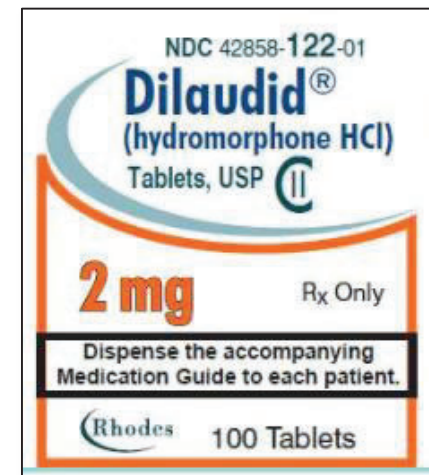
- Company: Rhodes Pharmaceuticals L.P.
- NDA: 019891
- Approval date: December 7, 1992
- Active ingredients: hydromorphone hydrochloride
- Dosage form and route: oral solution
- Strengths: 5mg/5ml
- Indicated “for the management of pain severe enough to require an opioid analgesic and for which alternative treatments are inadequate”



Source: U.S. Food and Drug Administration, Orange Book Approved Drug Products with Therapeutic Equivalence Evaluations; U.S. Food and Drug Administration, Drugs@FDA: FDA-Approved Drugs.

Dilaudid (Hydromorphone Hydrochloride) Oral Tablets

- Company: Rhodes Pharmaceuticals L.P.
- NDA: 019892
- Approval date: December 7, 1992
- Active ingredients: hydromorphone hydrochloride
- Dosage form and route: oral tablets
- Strengths: 2mg, 4mg, 8mg
- Indicated “for the management of pain severe enough to require an opioid analgesic and for which alternative treatments are inadequate ”



Source: U.S. Food and Drug Administration, Orange Book Approved Drug Products with Therapeutic Equivalence Evaluations; U.S. Food and Drug Administration, Drugs@FDA: FDA-Approved Drugs.

Betadine Solution Swab Aid

- Company: Purdue Products L.P.
- Regulatory route: OTC Monograph, Single Ingredient
- Monograph status: Tentative Final Monograph
- Marketing started September 15, 1972
- Active ingredient(s): Povidone-iodine Solution USP, 10%
- Dosage form and route: topical solution
- Strength: 100mg in 1mL
- Indicated “for preparation of skin prior to surgery; helps reduce bacteria that potentially can cause skin infection”



Source: Consumer Healthcare Products Association, “Your Health at Hand Book: Guide to OTC Active Ingredients in the United States,” June 2018, page 16, *available at* <https://www.chpa.org/PDF/YourHealthatHand.aspx>. U.S. Food and Drug Administration, “FDA report,” *available at* <https://fda.report/NDC/67618-153>

Betadine Solution

- Company: Aviro Health, L.P.
- Regulatory route: OTC Monograph, Single Ingredient
- Monograph status: Tentative Final Monograph
- Active ingredient(s): Povidone-iodine, 10%
- Marketing started June 1, 1980
- Dosage form and route: topical solution
- Strength: 100mg in 1mL
- Indicated as a first aid antiseptic to prevent infection in wounds, scrapes, and burns



Source: Consumer Healthcare Products Association, "Your Health at Hand Book: Guide to OTC Active Ingredients in the United States," June 2018, page 16, *available at* <https://www.chpa.org/PDF/YourHealthatHand.aspx>. U.S. Food and Drug Administration, National Drug Code Directory search proprietary name Betadine.

Betadine Gargle and Mouthwash

- Company: Aviro Health, L.P.
- Regulatory route: OTC Monograph
- Monograph status: Not final
- Marketing started: 6/15/2020
- Active ingredient(s): Povidone-iodine
- Dosage form and route: oral spray
- Strength: .05 mg/mL
- Indicated for infections of the lining of the mouth and throat, such as gingivitis and mouth ulcers, as well as oral hygiene before, during and after dental and oral surgery



Source: Mundipharma Pharmaceuticals Ltd., "Betadine Gargle & Mouthwash," *available at* <http://sg.betadine.com/en/sg/cold-and-flu/betadine-gargle-and-mouthwash>; Mundipharma Pharmaceuticals Ltd., "Betadine Mouthwash/Gargle," June 2006, *available at* <https://www1.ndmctsg.edu.tw/pharm/pic/medinsert/005BET21E.pdf>; Amazon, "BETADINE Sore Throat Spray 50ml Relief of Sore Throat and Mouth ulcers," *available at* <https://smile.amazon.com/BETADINE-Throat-relief-throat-ulcers/dp/B075SGZW4S?sa-no-redirect=1>; U.S. Food and Drug Administration, National Drug Code Directory search proprietary name Betadine.

Betadine Dry Powder

- Company: Aviro Health, L.P.
- Regulatory route: OTC Monograph
- Monograph status: Not final
- Marketing started: 6/15/2020
- Active ingredient(s): Povidone-iodine
- Dosage form and route: Aerosol spray, topical
- Strength: .05 mg/mL
- Indicated for the antiseptic prevention of infection in wounds including ulcers, burns, cuts and other minor injuries.



Source: U.S. Food and Drug Administration, National Drug Code Directory search proprietary name Betadine. Mundipharma, "Betadine Dry Powder Spray," available at <http://sg.betadine.com/en/sg/wound-care>

Betadine Line of Products

- Spray aerosol and non-aerosol
- Douche
- Dressing and bandage
- Cream and ointment
- Mouthwash
- Ophthalmic liquid (manufactured by 3rd party [REDACTED])
- Soap
- Sponge, swab, and pads
- Topical cleanser, foam, gel, packets, shampoo, and solution
- Vaginal cream and suppository

Source: Symphony Health Solutions data, via Bloomberg LP, accessed Jan. 28, 2020; U.S. Food and Drug Administration, National Drug Code Directory search proprietary name Betadine.

Senokot Oral Tablets

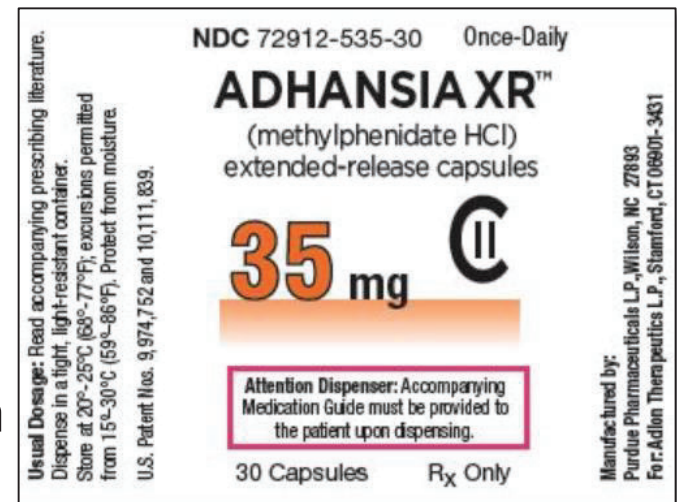
- Company: Avrio Health, L.P.
- Regulatory route: OTC Monograph, Single Ingredient
- Monograph status: Tentative Final Monograph
- Marketing started: 6/1/1956
- Active ingredient(s): sennosides
- Dosage form and route: tablets
- Strength: 8.6 mg sennosides; 17 mg sennosides
- Indicated for relief of “constipation. It may also be used to empty and prepare the bowel for surgery or examination.”



Source: Consumer Healthcare Products Association, “Your Health at Hand Book: Guide to OTC Active Ingredients in the United States,” June 2018, page 10, *available at* <https://www.chpa.org/PDF/YourHealthatHand.aspx>; U.S. Food and Drug Administration, National Drug Code Directory search proprietary name Senokot.

Adhansia XR

- Company: Adlon Therapeutics L.P.
- Active ingredient: methylphenidate hcl
- NDA 212038
- Approval date: February 27, 2019
- Dosage form and route: capsule
- Strengths: 25 mg, 35 mg, 45 mg, 55 mg, 70 mg, and 85 mg
- Adhansia XR is a central nervous system stimulant indicated for the treatment of Attention Deficit Hyperactivity Disorder in patients 6 years and older.



Source: U.S. Food and Drug Administration approval letter for Adhansia, 27 February 2019; Adlon Therapeutics L.P. full prescribing information for Adhansia XR

Hysingla (Hydrocodone Bitartrate Extended-Release) Oral Tablets

- Company: Purdue Pharma LP
- NDA: 206627
- Approval date: November 20, 2014
- Active ingredients: hydrocodone bitartrate
- Dosage form and route: Extended-release tablets
- Strengths: 20mg, 30mg, 40mg, 60mg, 80mg, 100mg, 120mg
- Indicated “for the management of pain severe enough to require daily, around-the-clock, long-term opioid treatment and for which alternative treatment options are inadequate.”

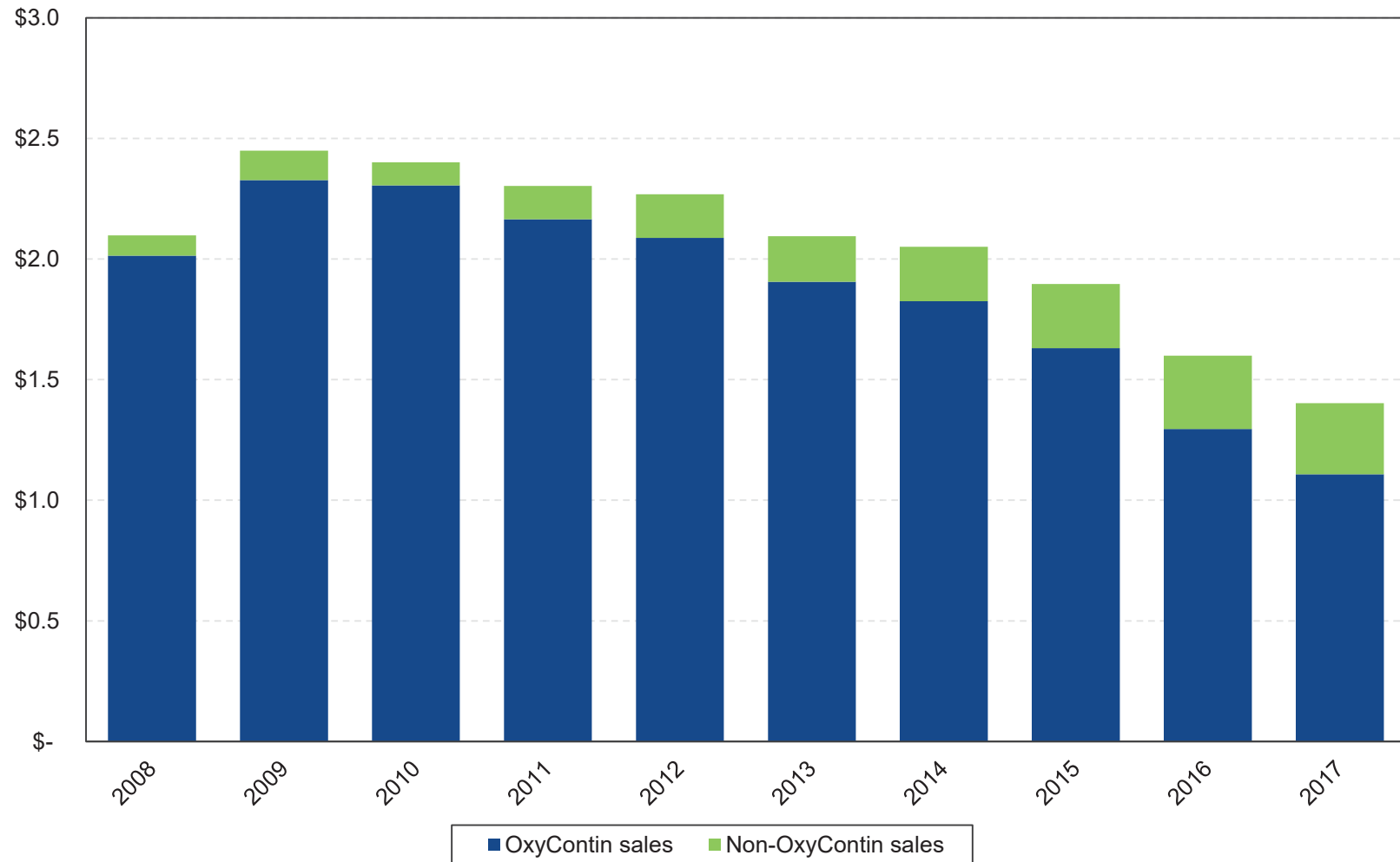


Source: U.S. Food and Drug Administration, Orange Book Approved Drug Products with Therapeutic Equivalence Evaluations; U.S. Food and Drug Administration, available at <https://www.accessdata.fda.gov/scripts/cder/daf/index.cfm?event=overview.process&varApplNo=206627>. U.S. Food and Drug Administration Label Search, available at https://www.accessdata.fda.gov/drugsatfda_docs/label/2019/206627s010lbl.pdf.

Purdue Financial Performance

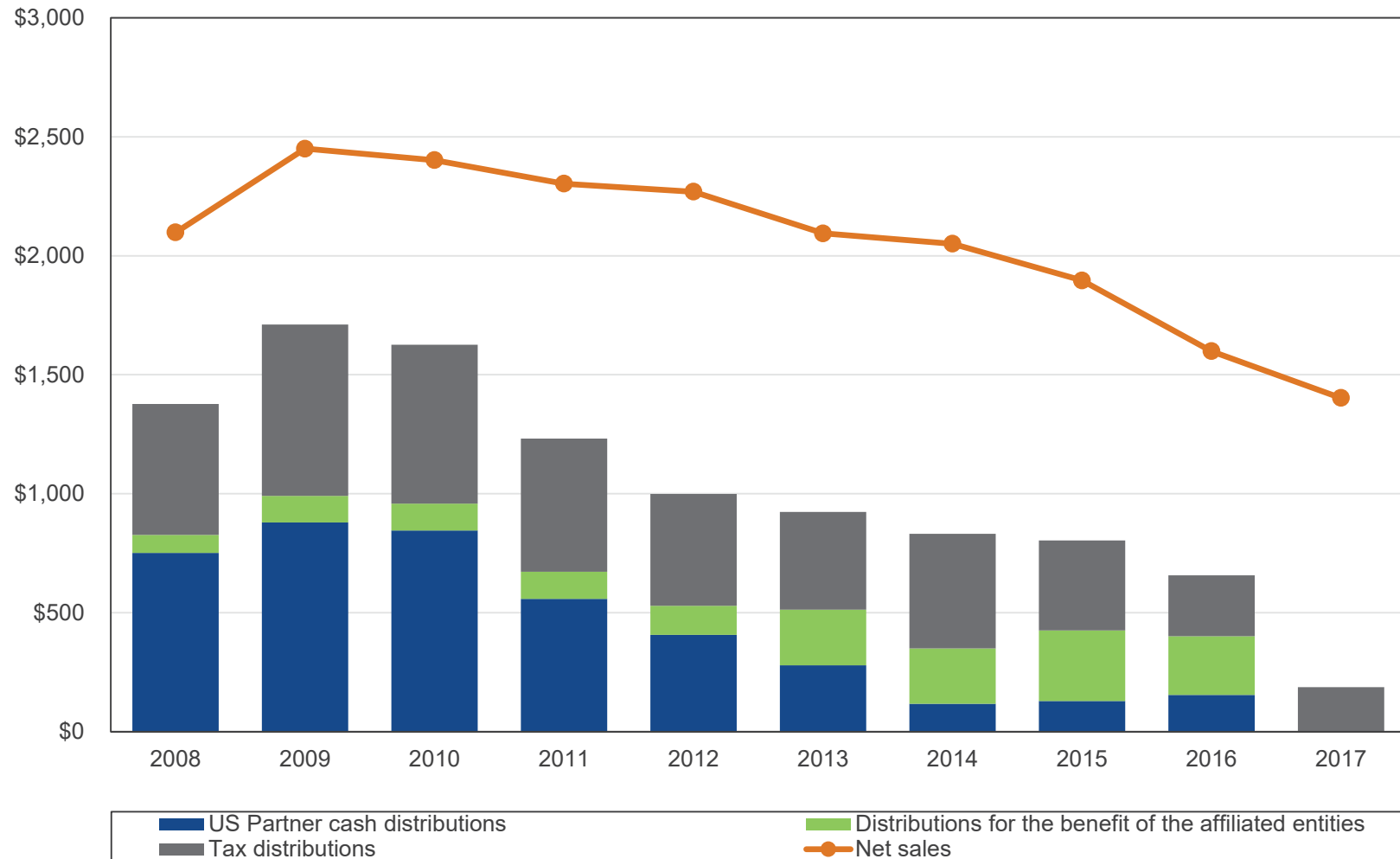
2008–2017

PPLP Sales of OxyContin and Other Products (\$ in Billions)



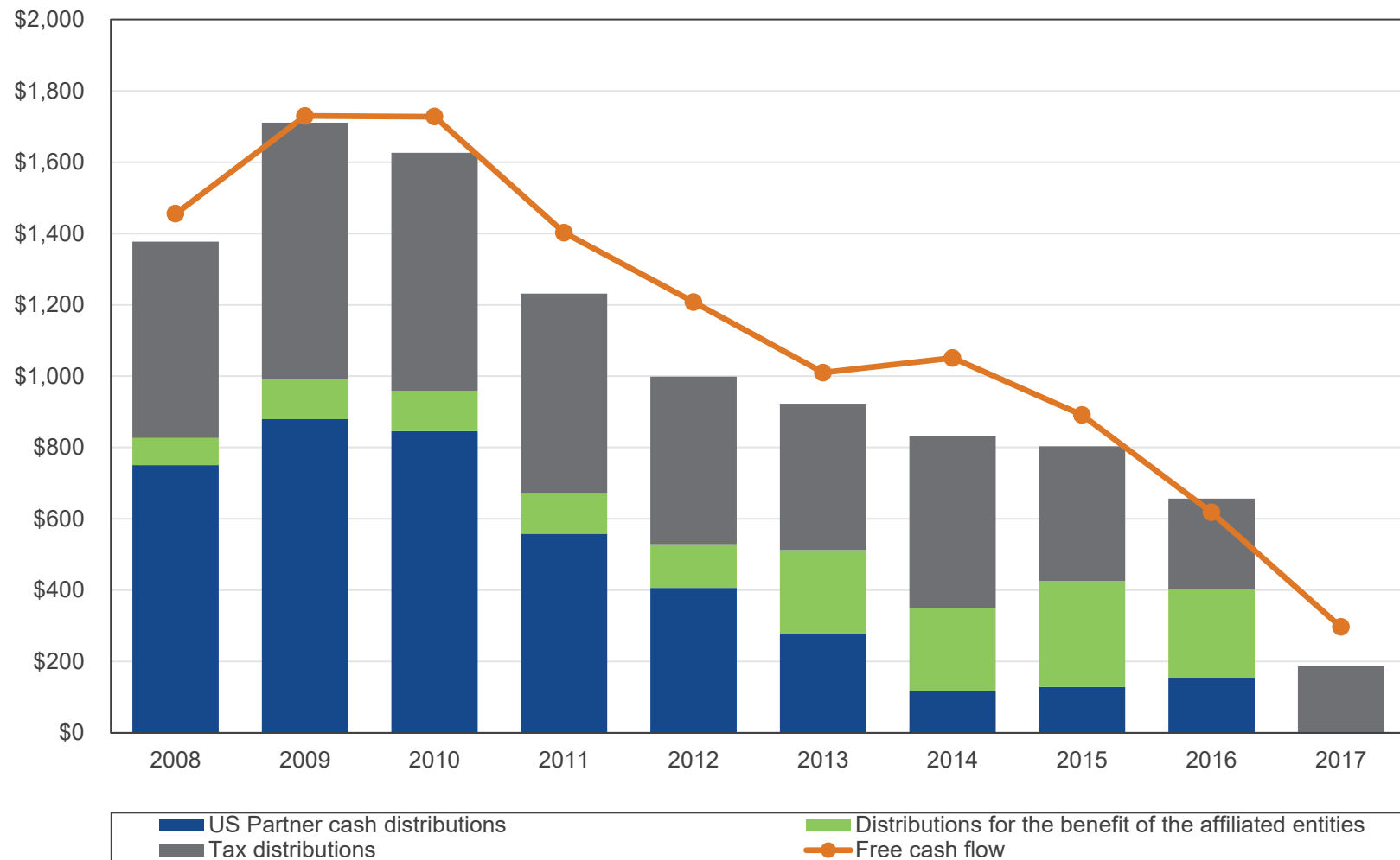
Source: Purdue's Audited Combined Financial Statements, 2000–2017. The proportion of OxyContin and non-OxyContin sales estimated based on PPLP's disclosure of ratio of OxyContin sales as a proportion of total sales.

PPLP's Cash Distributions and Sales (\$ in Millions)



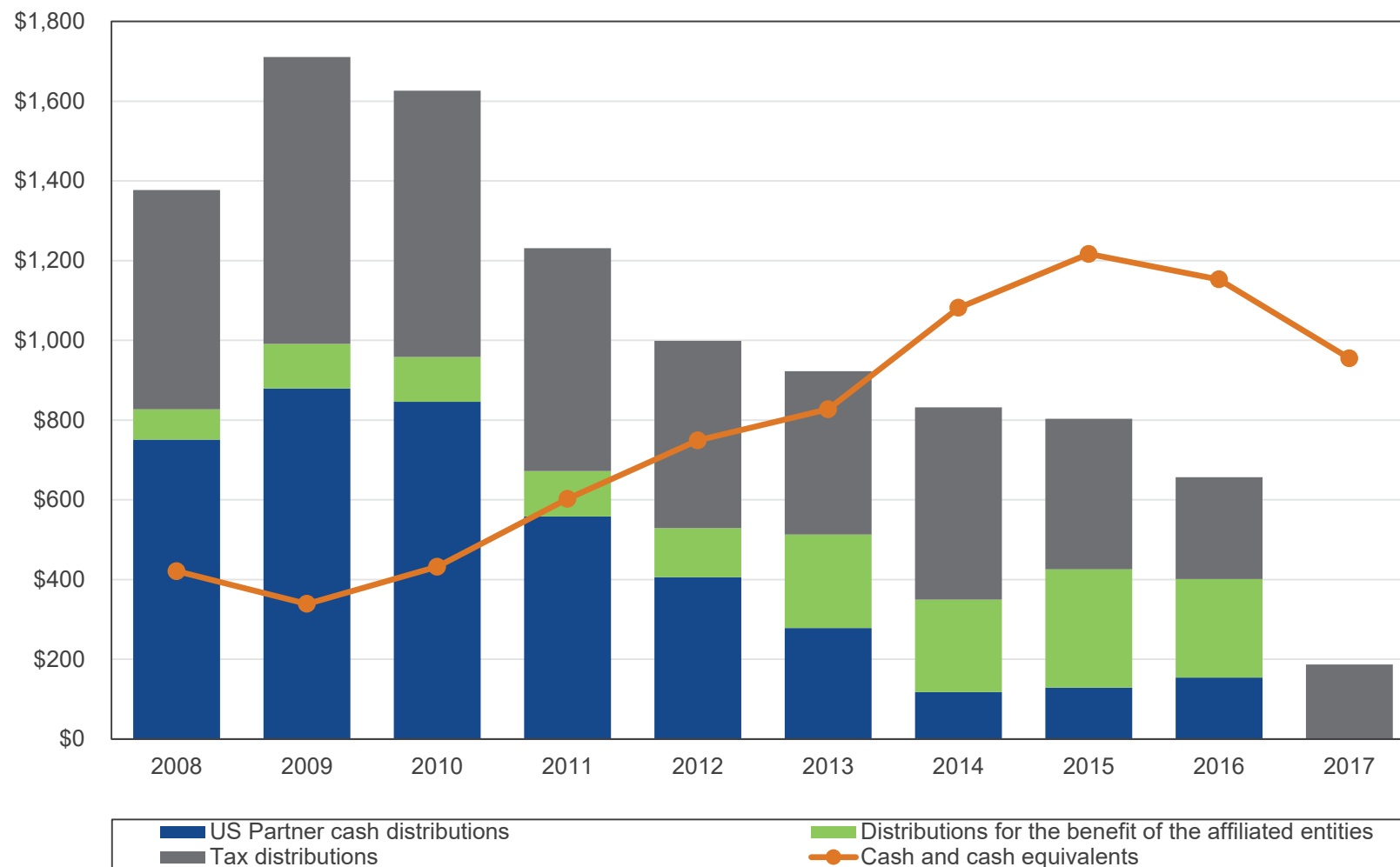
Source: Purdue's Combined Financial Statements, 2008–2017; AlixPartners, Cash Transfers of Value Analysis, (Dec. 16, 2019), 11, 24–25. The distribution in 2017 excludes the loan(s) to PRA L.P.

PPLP's Cash Distributions and Free Cash Flow (\$ in Millions)



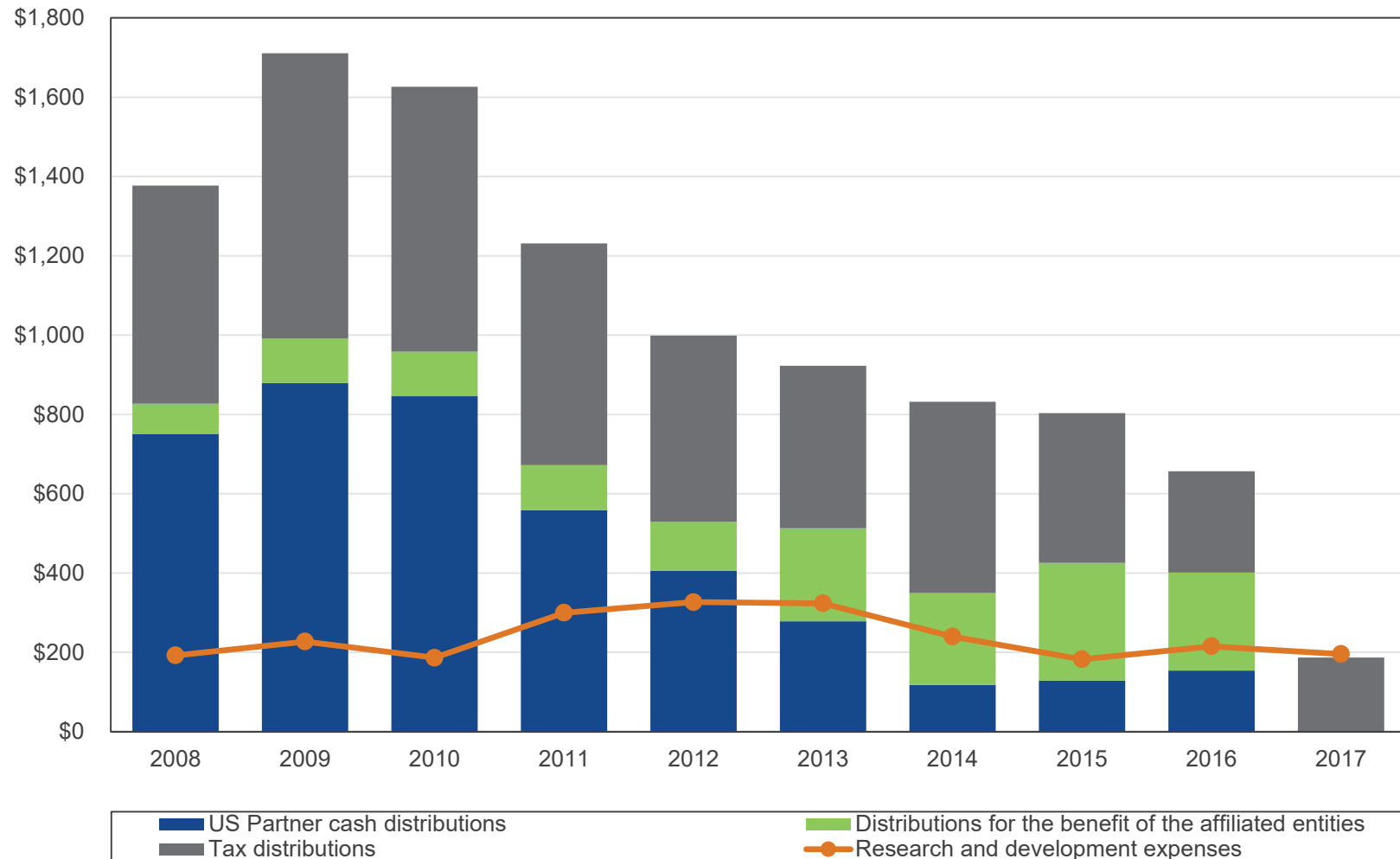
Source: Purdue's Combined Financial Statements, 2008–2017; AlixPartners, Cash Transfers of Value Analysis, (Dec. 16, 2019), 11, 24–25. The distribution in 2017 excludes the loan(s) to PRA L.P. Free cash flow equals cash flow from operations less capital expenditures.

PPLP's Cash Distributions and Cash Balance (\$ in Millions)



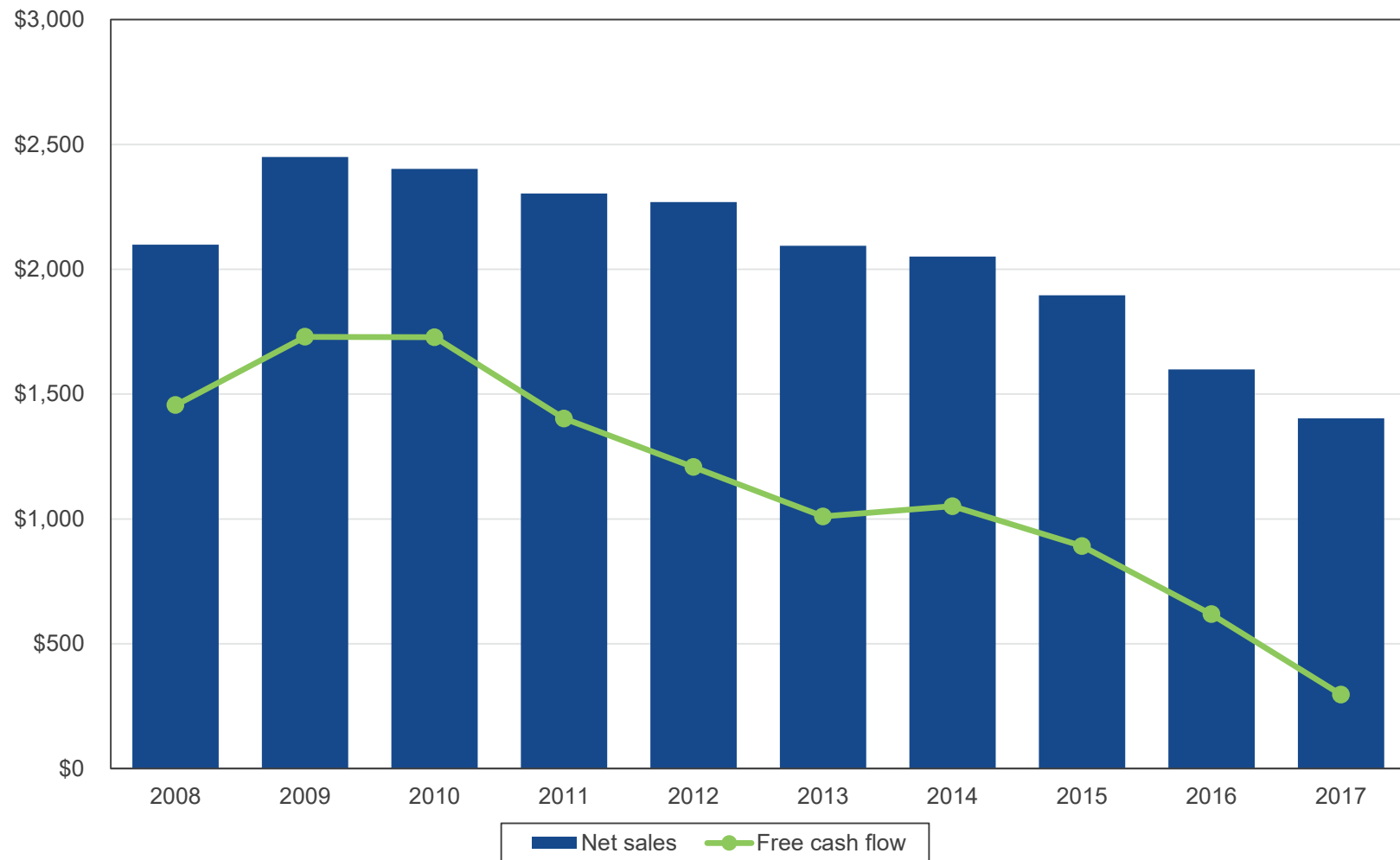
Source: Purdue's Combined Financial Statements, 2008–2017; AlixPartners, Cash Transfers of Value Analysis, (Dec. 16, 2019), 11, 24–25. The distribution in 2017 excludes the loan(s) to PRA L.P. Free cash flow equals cash flow from operations less capital expenditures.

PPLP's Cash Distributions and R&D Expenditures (\$ in Millions)



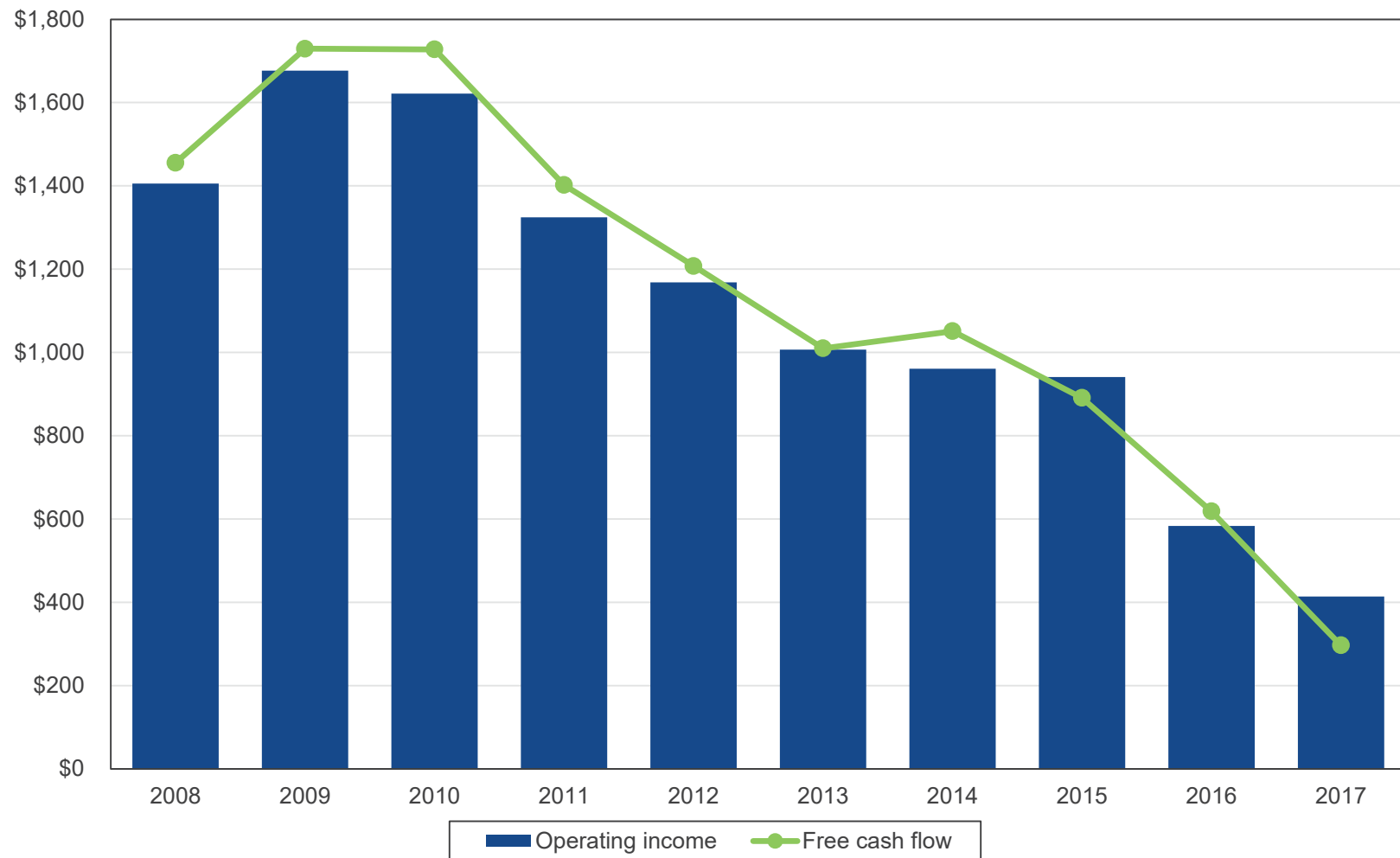
Source: Purdue's Combined Financial Statements, 2008–2017; AlixPartners, Cash Transfers of Value Analysis, (Dec. 16, 2019), 11, 24–25. The distribution in 2017 excludes the loan(s) to PRA L.P.

PPLP's Net Sales and Free Cash Flow (\$ in Millions)



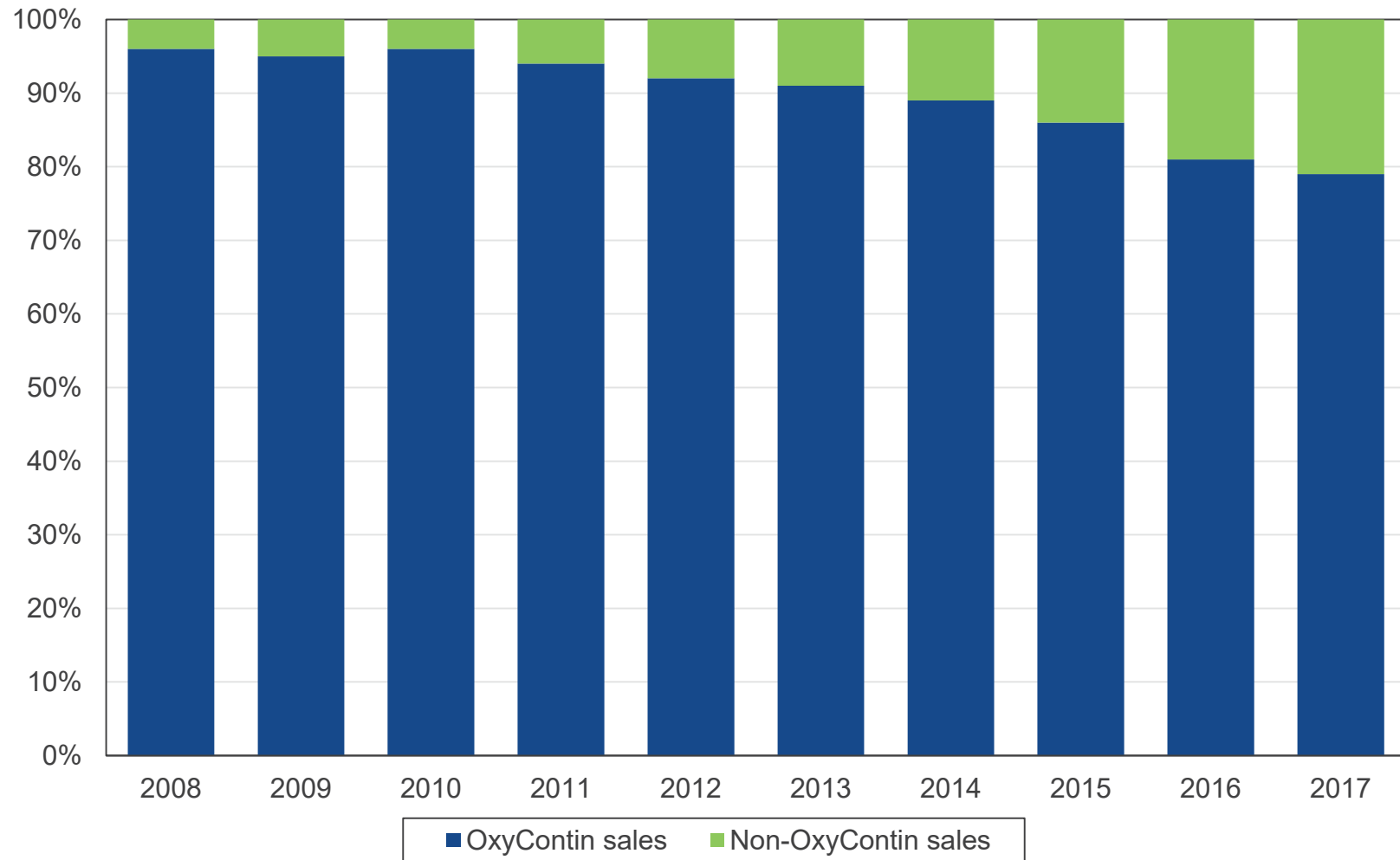
Source: Purdue's Combined Financial Statements, 1999–2017. Free cash flow equals cash flow from operations less capital expenditures.

PPLP's Operating Income and Free Cash Flow (\$ in Millions)



Source: Purdue's Combined Financial Statements, 1999–2017. Free cash flow equals cash flow from operations less capital expenditures.

PPLP Sales: OxyContin vs. all Other Products



Note: Net sales and OxyContin sales ratios are from PPLP financial statements. OxyContin sales are calculated as Purdue net sales multiplied by OxyContin sales ratios.

Operating Profits: PPLP and OxyContin (Estimated)

\$ in millions	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating income	\$1,405	\$1,677	\$1,622	\$1,324	\$1,169	\$1,007	\$961	\$941	\$583	\$414
OxyContin sales ratio	96%	95%	96%	94%	92%	91%	89%	86%	81%	79%
OxyContin profits (estimated)	\$1,349	\$1,593	\$1,557	\$1,245	\$1,075	\$916	\$855	\$809	\$472	\$327

Note: Operating income and OxyContin sales ratios (percentage of total) are from PPLP financial statements. OxyContin profits are estimated as total operating income multiplied by OxyContin sales ratio.

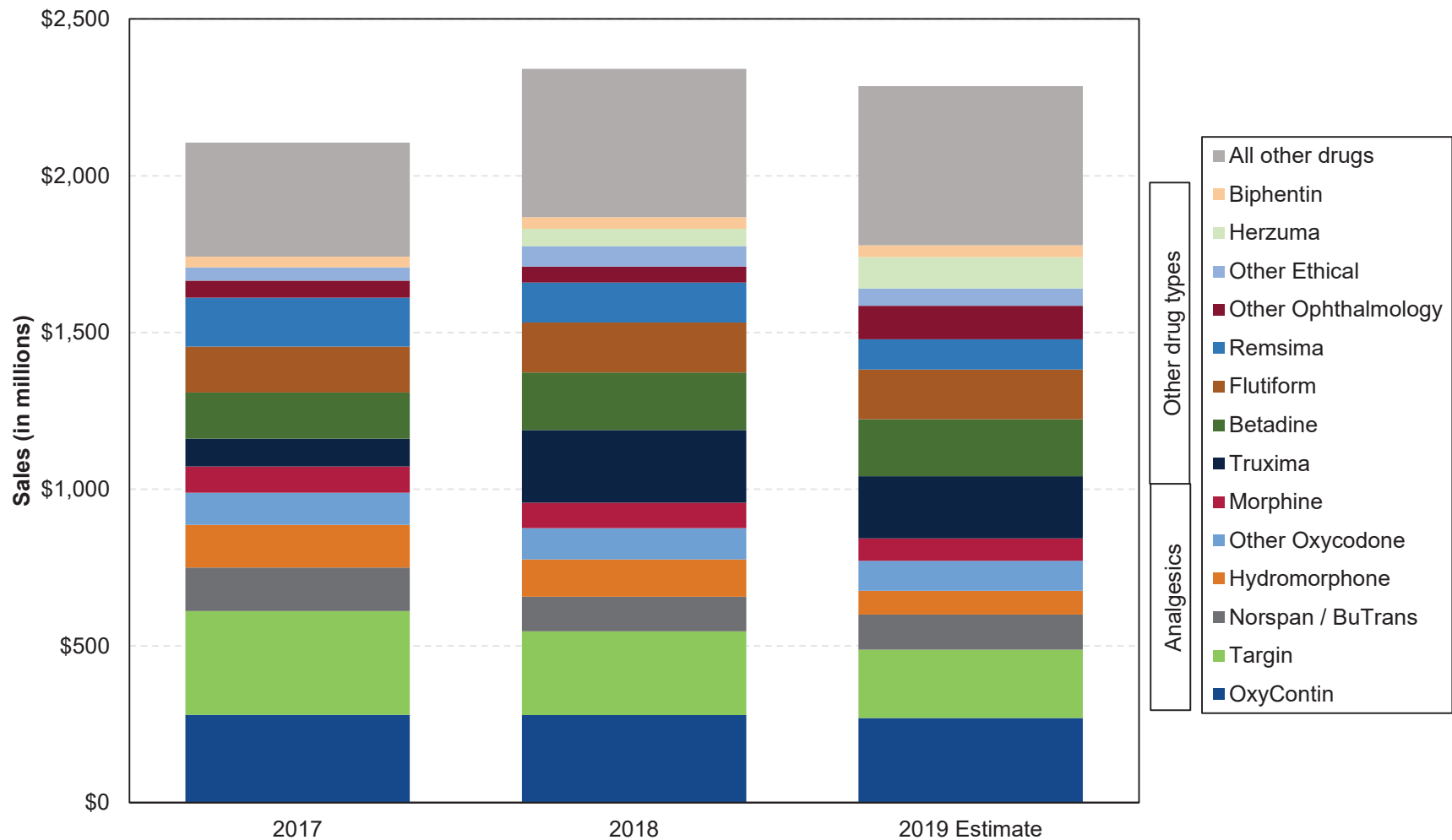
Background

Mundipharma

Mundipharma Background

- Mundipharma is a global network of independent associated companies (IACs) companies that spans more than 120 countries that is also owned by the Sackler family with annual revenues in excess of \$2B
- Mundipharma is currently based in Cambridge, United Kingdom, and has been owned by the Sackler family since 1952
- Mundipharma has deep expertise in pain products
 - Napp Pharmaceuticals (UK based IAC) developed MST Continus (sold in the US as MS Contin) in the 1970s
- Mundipharma has a more diversified product portfolio than PPLP
 - Primarily markets and develops analgesics for the treatment of moderate to severe pain, offering products such as BuTrans, Palladon, Hydral, Sophidone, MST Continus, OxyNorm, OxyContin, OxyGesic, and Targiniq
 - Also has products in the diabetes, respiratory, oncology, and biosimilar markets

Sales by Mundipharma in Foreign Markets, Drugs That Comprise 80% of Sales



Source: P&L Sales Combo, November 12, 2019.

Product Information

Ex-US market

OxyContin (Oxycodone Hydrochloride Extended-Release) Oral Tablets

- Market: Canada
- Company: Purdue Pharma
- Submission Control Number: 148343
- First marketed date: December 31, 1996
- Last marketed date: September 26, 2012
- Active ingredients: oxycodone hydrochloride
- Dosage form and route: Extended release tablets
- Strengths: 5mg, 10mg, 15mg, 20mg, 30mg, 40mg, 60mg, 80mg, 120mg, 160mg
- Indicated “for relief of moderate to severe pain requiring the continuous use of an opioid analgesis preparation for several days or more.”



Source: Health Canada Product Monograph, available at https://pdf.hres.ca/dpd_pm/00014679.PDF.; Health Canada Drug Product database, available at <https://health-products.canada.ca/dpd-bdpp/dispatch-repartition.do>

Oxy IR (Oxycodone Hydrochloride Immediate Release) Oral Tablets

- Market: Canada
- Company: Purdue Pharma
- Submission Control Number: 237807
- Approval date: August 1, 1997
- Active ingredients: oxycodone hydrochloride
- Dosage form and route: Immediate release tablets
- Strengths: 5mg, 10mg, 20mg
- Indicated “for relief of moderate to severe pain.”



Source: Health Canada Product Monograph, available at <http://purdue.ca/wp-content/uploads/2020/12/OXYIR-PM-E-Aug2020.pdf>; Health Canada Drug and Health Product Register, available at <https://hpr-rps.hres.ca/details.php?drugproductid=2369&query=OXY.IR>.

OxyNEO (Oxycodone Hydrochloride Controlled-Release) Oral Tablets

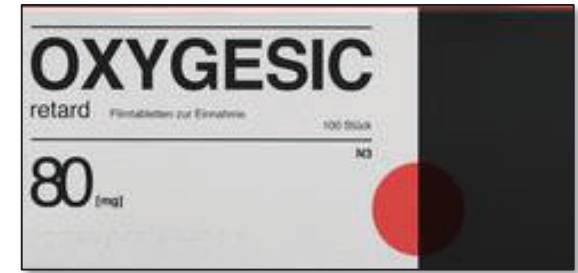
- Market: Canada
- Company: Purdue Pharma
- Submission Control Number: 237808
- Approval date: August 22, 2011
- Active ingredients: oxycodone hydrochloride
- Dosage form and route: Controlled-release tablets
- Strengths: 10mg, 15mg, 20mg, 30mg, 40mg, 60mg, 80mg
- Indicated “for the management of pain severe enough to require daily, continuous, long-term opioid treatment, and:
 - that is opioid-responsive; and
 - for which alternative options are inadequate.”



Source: Health Canada Product Monograph, available at <http://purdue.ca/wp-content/uploads/2020/12/OXYNEO-PM-E-Aug2020.pdf>; Health Canada Drug and Health Product Register, available at <https://hpr-rps.hres.ca/details.php?drugproductid=4536&query=OXYNEO>.

Oxygesic (Oxycodone Hydrochloride Prolonged Release) Oral Tablets

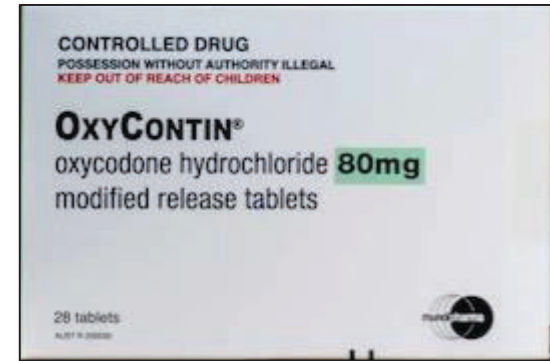
- Market: Germany
- Company: Mundipharma Limited Liability Company
- Product number: 41153
- Approval date: May 15, 1998
- Active ingredients: oxycodone hydrochloride
- Dosage form and route: Prolonged release tablets
- Strengths: 5mg, 10mg, 20mg, 40mg, 80mg, 120mg
- Indicated for use to treat severe pain.



Sources: Federal Institute for Drugs and Medical Devices, available at <https://portal.dimdi.de/amguifree/am/search.xhtml>.
World Brand Designs, <https://worldbranddesign.com/new-packaging-patient-centered-design-approach-for-pharmaceutical-brands-and-independent-end-users/>.

OxyContin (Oxycodone Hydrochloride Modified Release) Oral Tablets

- Market: Australia
- Company: Mundipharma Pty Ltd
- Product ID: MFCOXYCR10720
- Approval date: October 22, 2013
- Active ingredients: oxycodone hydrochloride
- Dosage form and route: Modified release tablets
- Strengths: 10mg, 15mg, 20mg, 30mg, 40mg, 80mg
- Indicated “for the management of severe pain.”



Source: Australian Register of Therapeutic Goods, available at <https://tga-search.clients.funnelback.com/s/search.html?query=oxycontin&collection=tga-artg>. ABC News, <https://www.abc.net.au/news/2019-12-23/mundipharma-hit-by-fine-for-misleading-local-doctors-over-opioids/11823280>

OxyContin (Oxycodone Hydrochloride Prolonged-Release) Oral Tablets

- Market: China
- Company: Napp Pharmaceuticals Ltd
- Registration number: H20090477-H20090480
- Approval date: May 27, 2009
- Active ingredients: oxycodone hydrochloride
- Dosage form and route: Prolonged-release tablets
- Strengths: 5mg, 10mg, 20mg, 40mg
- Indicated to relieve persistent moderate to severe pain



Source: Mundipharma core products, available at <https://www.mundipharma.com.cn/Html/Page-content/?PID=5&CID=17>. National Medical Products Administration, search of imported drugs.